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Department of Foreign Affairs
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et du Commerce international

CANADA

THE IMPACT OF FTA/NAFTA ON CANADA: WHAT DOES THE RECENT LITERATURE SAY?

by

**Todd Hunter
Research Analyst**

**The Trade and Economic Analysis Division (EET)
Department of Foreign Affairs and International Trade**

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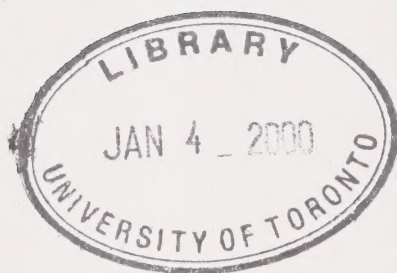
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NOTES

This annotated literature review is primarily intended to serve as a research and reference tool for analysts and researchers interested in the North American Free Trade Agreement (NAFTA) and North American economic integration. The main objective of this project is to better comprehend and catalogue the main topics, issues, and points of contention within the prevailing NAFTA-related literature.

While comprehensive, this catalogue is not exhaustive or all-encompassing. The Department of Foreign Affairs and International Trade library has several catalogues of Canada-US Free Trade Agreement (FTA) and NAFTA resource material (published in 1989, 1993 and updated in 1996) that are more inclusive. Recent English-language scholarly work from 1996 onwards is stressed over more dated material and there is an emphasis on Canadian-related work.

The material is categorized into major issue areas. Editorial discretion was used in selecting material and an emphasis was placed on works that assess/analyze the impact and effects of NAFTA on the Canadian and North American economies. Some citations are cross-referenced in the Assessment/Impact category with other relevant issue areas.

The annotations are intended to give the reviewer an objective summary of the citation; while sometimes providing more subjective analysis on particular research conclusions or policy issues.

A list of annotated NAFTA-related websites is also included in an appendix to serve as a research and reference tool for Internet searches.

The opinions expressed in this paper are not necessarily those of the Government of Canada.

ASSESSMENT/ IMPACT

Alshebel, Abdullah A. Trade Patterns and Economic Growth Under NAFTA: A Regional Study of United States Manufacturing Industries. Ph.D. Dissertation, Manhattan: Kansas State University, 1996.

This dissertation investigates the importance of economic and geographical factors in explaining the manufacturing trade flow of US states with Canada and Mexico using the gravity model of trade flows. Using regression analysis, the empirical results indicate that US states' trade flows are most affected by four major factors: income, population, distance and geographical location. States in the Northern and Southern border regions have more pronounced changes in trade with Canada and Mexico, respectively, than with other states.

Anderson, Sarah, John Cavanaugh and David Ronney, (eds.) NAFTA's First Two Years: The Myths and the Realities. Institute for Policy Studies and University of Illinois at Chicago, March 1996.

This book is a broad critique of NAFTA and its impact on North America. It targets what it sees as 'myths' surrounding NAFTA, including its relation to job creation, living standards, the labour and environment side deals and the Mexican peso crisis. There is little attempt to isolate the impact of NAFTA from other pertinent variables such as currency fluctuations, globalization trends, and technological advances. The report is more persuasive when it deals with the exaggerated claims of NAFTA proponents that use export job multipliers and trade account balances as measurements of the effects of free trade.

Bank of Montreal, Harris Bank, and Bancomer. Trade and Investment in the Americas: Survey of North American Businesses. Chicago: Bank of Montreal/Harris Bank, 1998.

This report was published by the Bank of Montreal, its US subsidiary Harris Bank, and its Mexican affiliate Grup Financiero Bancomer, and it is based on a survey of 361 businesses from Canada, the US and Mexico during the final quarter of 1997. The survey attempts to assess NAFTA's impact on the trade, investment and operations and strategies of businesses. The general finding is that NAFTA has benefited firms in all three countries since its implementation, and businesses expect to continue to use NAFTA to improve competitiveness and the business climate in North America. Some of

the specific findings of the survey: the overwhelming majority of North American businesses have either hired more or employ the same number of employees since 1994; companies expect to continue to pursue cross-border opportunities and are solidly behind hemispheric free trade; and other intangible benefits to the business climate are cited as positive effects of NAFTA.

Bergsten, Fred and Jeffrey Schott. A Preliminary Evaluation of NAFTA. Statement before the Subcommittee on Trade; Ways and Means Committee; US House of Representatives. <http://www.iie.com/sept11.htm>, September, 1997

This brief is a comprehensive, yet concise, assessment of the impact of NAFTA on the US economy. While the focus is on the US, many of the same issues and policy implications (especially the debate over jobs) are relevant to evaluating NAFTA in Canada. The overarching theme is that NAFTA has to be assessed against a broad spectrum of US policy goals, not simply on a narrow evaluation of trade and investment variables. These policy goals include Mexican structural reforms, market access and NAFTA as an impetus for further multilateral negotiations. Much of the brief focuses on the Administration's report on NAFTA, and there is pointed criticism directed at the misleading and rhetorical claims advanced regarding NAFTA's job creation potential and performance. Three important points are also made by the authors: it is very early to pass judgement on the success/failure of the agreement, as it will take years or decades to properly assess; NAFTA will necessarily have a small effect on the US economy (by virtue of the minor share of Mexican trade related to US GDP); and NAFTA should not be evaluated on its contribution to full employment as jobs are basically determined by macroeconomic and monetary policy. Rather, trade helps determine the quality of jobs, increases wage levels and enhances standards of living.

Chambers, Edward J. and Stephen Janzen. The Alberta and Western Canada Export Experience Under the Free Trade Agreements: 1988-1997. Edmonton: Center for International Business, University of Alberta, 1998.

The latest in a series of annual studies, this paper reviews the merchandise export performance of Alberta and Western Canada. The study is a useful source of trade data and statistics, although it does not consider other economic variables or public-policy issues in its analysis. For example, while exchange rates are mentioned, there are no attempts to isolate this economic variable from the effects of trade liberalization.

Condon, Bradley. "NAFTA at Three-and-One-Half-Years: Where Do We Stand and Where Should We Be Headed? A Cross-Cultural Analysis of North American Legal Integration." Canada-US Law Journal. Vol.23, 1997, pp.347-367.

Written primarily from a legal perspective, this paper evaluates the impact of NAFTA and offers suggestions on how to cope with and manage the economic, legal and

cultural changes. A significant difference between the three NAFTA countries is their divergent legal systems, referred to as 'systems frictions'. An example of such friction is the long-running Canada-US softwood lumber dispute. Legal culture differences such as language, perception, and societal values (in the lumber case, one of the main issues concerned the ability of Canadian jurists to properly interpret US laws) are emphasized to show the variance of legal and commercial relationships even within the NAFTA regime.

Council of the Americas Report on the State of Texas [and California] and NAFTA.
Washington: The Trade Partnership, 1997.

These two reports, one on Texas and the other on California, assess the impact of NAFTA on the economies of the two respective states. Both reports use the same template to produce a descriptive evaluation that has remarkably similar issues, concerns and conclusions. Both reports focus on the environment, border issues, agriculture, high-technology sectors and other manufactured goods. The trade balance is a key factor in this evaluation as well as a controversial export multiplier from the US Department of Commerce that is used to calculate the number of jobs created by NAFTA exports. Suggestions for improvement of the NAFTA regime include more funding for environmental issues, increased market access and trucking de-regulation.

Daly, Donald J. Canadian Research on the Production Effects of Free Trade: A Summary and Implications for Mexico. North York: Schulich School of Business, York University, 1998.

A summative paper that discusses the experience of free trade in Canada, it is written from both theoretical and empirical perspectives. One of its objectives is to serve as a general research tool for Mexican researchers and policy-makers. Of particular note is the analysis of factor productivity; specifically, the consideration of the stagnant productivity levels for Canadian manufacturing firms compared to their US counterparts. The hypothesis put forth is that Canadian researchers have neglected to consider the effects of the rapid growth of small and medium enterprises coupled with the decrease in large firms (both of which occurred at a more rapid pace in Canada compared to the US). This variable would contribute to the widening of the productivity gap since smaller firms have lower levels of wages and value added per employee than larger plants.

Department of Foreign Affairs and International Trade. NAFTA: A Partnership at Work. Ottawa, 1997.

This publication is the most recent in a series of annual reports by the Canadian government on the impact and effects of NAFTA. The report is a largely descriptive empirical and sectoral overview of NAFTA and its ongoing impact on the Canadian economy. It is a particularly good source for statistical data on trade and investment flows, as well as concise summaries of the major issues and provisions surrounding

NAFTA and the environmental and labour side accords.

Dillon, John. "Challenging free trade in Canada: the real story." Peace Research. Vol.29 (3) August 1997, pp.88-100.

This article is a wide-ranging critique of free trade and the impact of trade liberalization, especially FTA/NAFTA, on Canada. The methodology of the paper is largely anecdotal and includes issues such as job creation, wages, social justice, labour and environmental protection, and the protection of national sovereignty.

Gaston, Noel and Daniel Trefler. "Labour Market Consequences of the Canada-US Free Trade Agreement." Canadian Journal of Economics. February 1997, pp.18-41.

This paper is an analysis of the poor employment record of the first five years of the FTA that uses regression techniques to isolate economic variables. An empirical summary details how the labour market contracted across all industries over this period; this is in contrast to the trade creation and employment expansion that was predicted to occur. However, the authors conclude that the recession had little to do with the FTA, and that controlling for the effects of the recession, the FTA-mandated tariff cuts accounted for only 9-14% of the job losses during this period. The timing and depth of the recession was most influenced by high interest rates and a high Canadian dollar; correspondingly, these two factors had the largest impact on job losses.

Gould, David M. "Has NAFTA Changed North American Trade?" Economic Review (Federal Reserve Bank of Dallas). First Quarter 1998, pp.12-23.

Using an economic model of trade flows that attempts to account for extraordinary trade flow data since the implementation of NAFTA, this clear and succinct study estimates that NAFTA has had little impact on US-Canada trade flows. This is primarily attributed to the observation that most Canada-US trade impediments were dealt with under the FTA. Furthermore, the author concludes that although North American trade increased faster than trade with the rest of the world, NAFTA has probably not been trade diverting.

Head, Keith and John Ries. "Rationalization Effects of Tariff Reductions." Journal of International Economics. *Publication forthcoming*.

Using econometric analyses, this paper analyzes 230 manufacturing industries to investigate whether trade liberalization promotes efficiency through increased economies of scale. The methodology incorporates the first six years following the FTA and considers the substantial rationalization that occurred; a decline in the number of plants

accompanied by increases in output per plant. The main conclusion is that bilateral tariff reductions had opposing effects on scale; that is, in Canada tariff cuts appear to have *caused* a reduction in output per plant. Four alternative explanations are presented for the rationalization including (in order of significance): shifts in output towards high-scale industries; the undercounting of small firms in the survey; the depreciation of the Canadian dollar vis-à-vis the US dollar; and US tariff cuts (which were mostly offset by a contraction caused by Canadian tariff reductions).

Hinojosa-Ojeda, Raul, et al. Convergence and Divergence Between NAFTA, Chile and Mercosur: Overcoming Dilemmas of North and South American Economic Integration. New York: Inter-American Development Bank, 1997.

This empirical study assesses the possible paths towards economic integration between NAFTA (which for this study only accounts for the US and Mexico), Chile, and MERCOSUR and analyzes the collective action problem that needs to be resolved if there is to be hemispheric integration. The analysis is based on Computable General Equilibrium (CGE) models which attempt to isolate and predict the affect of reduced trade barriers on economic indicators. After computing various scenarios, the study presents these conclusions: NAFTA has a very small positive impact on the US economy and a larger positive impact on Mexico; for NAFTA and MERCOSUR, full hemispheric trade is preferential to bilateral FTAs and incomplete NAFTA accession; the US is better off with a multiple regional grouping than smaller groupings; and trade diversion will occur if a hemispheric free trade zone is created. It is stressed that in the absence of a mechanism for negotiating a hemispheric accord, Brazil and Argentina would likely choose the second-best solution of negotiating a South American free trade agreement.

Hinojosa-Ojeda, Raul, et al. North American Integration Three Years after NAFTA: a Framework for Tracking, Modeling and Internet Accessing the National and Regional Labour Market Impacts. Los Angeles: North American Integration and Development Center, 1996.

This study is an encompassing and comprehensive analysis of the impact of NAFTA on the US economy, particularly with relation to US-Mexico trade and related employment. The main finding is that there has been a slightly positive increase in US employment due to NAFTA. The methodology employed to calculate net employment effects moves past the models employed by various US government agencies and free trade analysts such as Hufbauer and Schott. According to the authors, these models fail to consider important factors such as the lack of substitutability between many imports and exports, as well as the role of intermediate imports and exports. However, the job increase figures attributable to NAFTA are greatly overstated. Furthermore, the job losses attributed to NAFTA are even more misleading and exaggerated than the job increase calculations. While taking a critical view to many of the elements of the NAFTA debate, the report nonetheless argues in favour of NAFTA expansion.

Hufbauer, Gary Clyde and Jaqueline McFadyen. "Judging NAFTA." Canada-US Law Journal Vol.23, 1997, pp.11-45.

A concisely written paper, this piece evaluates NAFTA and its economic, political and social effects on the three signatory countries. It is concluded that NAFTA has had little or no economic impact on Canada, as the FTA is viewed as the most important determinant for Canadian trade policy. In fact, the authors find that the FTA and NAFTA are just part of a set of economic variables affecting macroeconomic performance, the most important of which is monetary policy. A major point that is emphasized in the paper is that trade agreements or other microeconomic events such as oil booms or crop failures have little impact regarding permanent net changes in employment in market economies with flexible labour markets. These events may affect the composition of employment (some industries will expand and others might contract) or the situations of particular cities and regions, but the overall employment level is determined largely by the central bank. Also, only 10% of the increase in the differential between skilled and unskilled wages can be attributed to free trade; a more significant factor is technological advances. The paper also outlines several political factors in the NAFTA debate, including drugs and immigration, that round out this comprehensive summary.

Jackson, Andrew. Impacts of the Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) on Canadian Labour Markets and Labour and Social Standards. Ottawa: Canadian Labour Congress, November 1997.

This paper analyzes and critically assesses the impact of free trade on the Canadian economy, with a particular focus on the labour market. The author rejects neo-classical economic assumptions regarding economic transactions and free trade as "theoretical" notions that fail to meet "real world" applications. This provides a basis for the assertion that the integration of trade and investment in the context of high unemployment and international capital mobility presents the possibility of negative effects on workers. The main methodological framework is a statistical and empirical assessment of selected economic variables in Canada, as well as Canadian economic and labour performance vis-à-vis the US. The report finds: that there is limited evidence that free trade has produced a structurally stronger manufacturing sector; that there are problems with productivity in Canada; there has been no significant inflow of net foreign direct investment under free trade; and that wage levels have not followed the rise in productivity and profit levels in the 1990s. The study concludes by raising the issue of "social clauses" to protect and promote labour rights in all trade and investment agreements.

Kouparitsas, Michael A. "A Dynamic Macroeconomic Analysis of NAFTA." Economic Perspectives. Vol.21, January/February 1997.

This study attempts to model and predict the effects of NAFTA (through decreases in tariffs and tariff-equivalent measures) on trade flows and economic welfare indicators. A dynamic model is developed that moves past static models and addresses shortcomings related to variables such as capital accumulation, trade in financial assets and length of time for adjustment. The results suggest that NAFTA will generate welfare gains for all participants, although only Mexico will experience a significant welfare expansion. Real output figures and trade flows are predicted to increase almost twice that of previous static analyses. Overall, NAFTA is expected to have a minimal affect on the Canadian economy; sectoral analyses predicts a minor expansion of the Canadian non-primary sector, while it is expected to have a negligible impact on the primary sector.

Law, Marc T. and Fazil Mihlar. Debunking the Myths: A Review of the Canada-US Free Trade Agreement and the North American Free Trade Agreement. Vancouver: Fraser Institute, 1998.

This study is a concise and thorough defense of free trade in Canada coupled with a response to a number of misconceptions and misleading claims surrounding the FTA and NAFTA. Noteworthy in the economic arguments for free trade is the assertion that the purpose of trade and economic exchanges is to create wealth, not to create work; and that free trade raises wealth (through comparative advantage and specialization) and therefore enables a higher level of consumption. Many concerns of free trade opponents are examined and dismissed, including: the perception that free trade causes job losses; the 'race to the bottom' for wages and benefits; the deterioration of environmental standards; and the loss of national sovereignty as a result of NAFTA. The basic principles of economic theory and empirical evidence are employed to make the case for free trade in Canada.

Lyke, J. "The Impact of the North American Free Trade Agreement on US Forest Products Trade with Canada and Mexico- An Assessment." Forest Products Journal. January 1998, pp.23-28.

A review of the forest products trade from 1989 to 1995 leads to the conclusion that NAFTA has had little effect on bilateral trade between Canada and the US. The 1996 softwood lumber agreement is viewed as having a far greater potential impact on forest product trade flows than NAFTA.

Lustig, Nora C. "Setting the Record Straight." World Economy. August 1997, pp.605-614.

A concise paper that addresses the most common criticisms of NAFTA and rebuts

many of these to build a persuasive case that concludes that NAFTA has been, and will continue to have, a positive impact on the US economy. Among the arguments against NAFTA that are examined are the causal links to the Mexican peso crisis, the US trade deficit with Mexico, the many American jobs that have been lost, and the lower standards of living that have been realized under NAFTA. After addressing these claims, the author proceeds to recommend three policy options to help construct long-lasting support for NAFTA in the United States: a public education effort with both Congress and the general public to discuss NAFTA and its actual effects; a concerted attempt to include labour and environmental issues into the mainstream NAFTA regime; and a proper response to the problems associated with marginalized workers and other transitional adjustment issues.

Miller-Adams, Michelle. NAFTA: Expansion and Fast-Track Authority. New York: Twentieth Century Fund, 1997.

This publication focuses on the NAFTA debate in the US and has three main sections: the issue of fast-track authority; an evaluation of NAFTA; and NAFTA expansion. The assessment of NAFTA deals mainly with US-Mexico issues. Overall, NAFTA is found to have a modest economic and political impact for the US. It is noted that there is much confusion over how to assess the impact of NAFTA because appropriate criteria cannot be agreed on. As far as the effect of NAFTA on trade and investment, as well as jobs and wages, NAFTA is found to have a modest, but positive, impact. Fourthly, NAFTA is viewed as not being particularly useful for enforcing labour standards or addressing environmental concerns. Lastly, NAFTA's accomplishments in relation to its foreign policy goals are mixed, with successes concerning the peso crisis, but disappointments with the political turmoil in Chiapas.

Mirus, Rolf and Barry Scholnick. US Foreign Direct Investment into Canada After the Free Trade Agreement. University of Alberta: Center for International Business, April 1998.

This paper examines how US foreign direct investment (FDI) has fared in Canada since the FTA. The paper presents empirical evidence that US FDI has continued to grow since 1989 (while finding that imports increased at a faster rate). Moreover, the proportion of US FDI in manufacturing has increased relative to the proportion in the resources sector. This finding contradicts the view that Canada's manufacturing base would be depleted with the advent of free trade. Furthermore, the bulk of new US FDI was directed to sectors in which firms held comparative advantages for FDI as indicated by the relative strength of their previous commitments. This finding indicates that the agglomeration effects have an impact on investment decisions. It is also noted that US FDI consistently exhibits a higher rate of return in Western Europe than in Canada. While this could be due to the smaller market size in Canada, this is still an observation that the authors' note could use further investigation.

Morici, Peter. "Assessing the Canada-US Free Trade Agreement." American Review of Canadian Studies. Vol.26(4), Winter 1996, 491-497.

This is a brief, yet encompassing, commentary on the impact of free trade, particularly the FTA, on Canada. The thesis is that Canada has achieved its main negotiating objectives: increasing two-way trade flows, significantly curtailing US trade remedy action, and limiting US political control of trade dispute system.

NAFTA: A Preliminary Assessment of the Agreement's Impact on California.
California State World Trade Commission, 1997.

This study is a preliminary assessment of the impact of NAFTA on California and its international trade policy and programs. The main finding is that NAFTA has had a positive effect on the economy of California. The paper is chiefly a descriptive evaluation that includes issue discussions and case studies such as: agriculture, cross-border trucking, intellectual property rights, the high-technology sector, and border/environment issues. Trade balance figures (stressing exports) are the main indicators used to evaluate NAFTA's impact.

Peaff, George. "NAFTA Spurs Trade, Impact Debated." Chemical and Engineering News. February 2, 1998, pp.12-16.

This article details how NAFTA has impacted the chemical industry in all three NAFTA countries. Chemical trade between Mexico and Canada, although small, has increased since 1994, while bilateral Canada-US trade has increased steadily from 1992 to 1997. The FTA most likely had a larger impact on the increase in Canada-US trade than NAFTA. Most of the increase in North American chemical trade is attributed to industries and firms shifting towards where they had a better competitive advantage, availability of natural resources and access to markets. It is also found that trade and other government policies are just several of the issues considered by chemical firms when making investment and production decisions.

Public Citizen. NAFTA's Broken Promises: Failure to Create US Jobs.
Washington DC: Public Citizen's Global Trade Watch, February 1997.

The Public Citizen report was published in response to a 1993 National Association of Manufacturers (NAM) study entitled *NAFTA: We Need It*. The NAM study surveyed 250 US companies and described how the firms would create jobs and face improved business prospects if Congress passed NAFTA. Public Citizen attempted to survey the same companies three years later and came to the conclusion that the vast majority of these firms did not come close to fulfilling their predictions and/or promises on creating new jobs. Although the two factors that this report focuses on are job losses

and trade deficits, there is little attempt to isolate these factors from other micro/macro economic variables such as the peso crisis, technological change, and currency fluctuations. Its main recommendations are to restrain from expanding NAFTA, to abrogate the agreement if it does not improve job growth and wages or protect the environment; and to increase worker adjustment programs.

Richter, Charlene and Kevin Richter. Recent Evidence on the Impact of the Canada-US Free Trade Agreement on Canadian Production, 1980-1992. Ottawa: Center for Trade Policy and Law, 1994.

The paper focuses on assessing the impact of free trade, and specifically tariff reductions, by examining industrial performance in Canada. Fluctuations in intra-industry and inter-industry trade flows are used as evidence of specialization and industry restructuring. One main conclusion is that in areas where Canada has traditionally had a comparative advantage (such as natural gas, petroleum etc.), little restructuring has occurred. Significant restructuring has occurred in the remaining industries such as manufacturing. High-technology industries, given special attention in the study, exhibit mixed results: where intra-industry trade is rising, Canadian firms have improved their balance of trade. However, in industries where intra-industry trade has not expanded, US firms have increased their trade balances.

Rubin, Jeffrey and John Lester. Has Free Trade Made Canadian Manufacturing More Efficient? Toronto: CIBC Wood Gundy Economics, September 1997.

This article examines manufacturing productivity levels and Canadian factor productivity performance under the FTA. According to the authors, productivity vis-à-vis the US has slipped from 95% in 1984 to 80% of the American level in 1996; Canada's competitive position regarding productivity is actually worse today than it was before free trade. Productivity was supposed to improve after Canadian firms were forced to compete with US firms under the full vicissitudes of free trade, yet this has not been the case. The main reason cited as to why Canadian industries and companies have not responded as expected is that the depreciation of the Canadian dollar blunted or even reversed the competitive pressures that were expected to be felt with the loss of trade protection.

Sands, Christopher and Sidney Weintraub. (eds.) The North American Auto Industry under NAFTA. Washington, DC: Center for Strategic and International Studies, *forthcoming*.

This book assesses the performance of the auto industry under NAFTA, not only by country, but also in North America as a whole. Considering the deeply integrated nature of the North American auto industry (and the high incidence of intra-firm trade), NAFTA's effects on this sector can serve as a gauge for assessing NAFTA's impact on

fostering greater continental competitiveness. Besides the country-specific analyses, several chapters focus on specific issues within the context of the automotive industry, including environmental regulation under NAFTA, and incomes and productivity.

Schwanen, Daniel. A Growing Success: Canada's Performance Under Free Trade. Toronto: C.D. Howe, 1993.

This study assesses the impact of the FTA on Canada and concludes that by 1993 free trade had a positive effect on the Canadian economy and was positioning Canada for increased economic growth and international competitiveness. The report comes to this conclusion by comparing trade flow dynamics for Canadian goods and services in sectors that were most liberalized by the agreement as well as the increase in trade to the US versus the rest of the world. The merchandise industries experiencing the highest levels of growth are in higher-paying, value-added sectors such as chemical products, food processing, telecommunications, office equipment and other finished products. The sectors that experienced difficulties under the FTA are mostly in traditional areas of Canadian industry widely considered vulnerable to emerging global competition. These include furniture, meat and dairy products, clothing, processed food and other household goods. While no evidence is found to support the "downward harmonization" of standards, job losses in import competing industries have outweighed employment gains in expanding export industries. Concerning services, the finding is that Canadian service exports have clearly flourished in the most liberalized sectors; however, there is no reciprocal effect seen with US imports.

. Trading Up: The Impact of Increased Continental Integration on Trade, Investment and Jobs in Canada. Toronto: C.D. Howe Institute, 1997.

This paper analyzes the affects of the FTA and NAFTA on the Canadian economy by examining employment, investment and trade flow figures. The methodology used is to compare the trade and wage performance of a control group of industries (which were effectively liberalized before the FTA) to sectors that experienced substantial tariff reductions under FTA/NAFTA. The main finding is that bilateral Canada-US trade expanded more quickly in sectors liberalized by the agreements than in sectors already liberalized. It is also observed that a number of industries (such as food products, chemicals and clothing) experienced fast two-way growth, suggesting an increase of intra-industry specialization. Relating to investment, Canada has maintained its share of North American investment. Employment performance in sectors most sensitive to the FTA has not deteriorated relative to total manufacturing employment, dispelling the view that free trade has contributed to Canada's employment problem. However, free trade has not substantially improved Canada's problems of low productivity and earnings growth. On balance, factors other than trade are more likely the cause of Canada's overall problem of slow growth in productivity and earnings since export-oriented industries continue to exhibit higher wage and employment growth than do other manufacturing industries. Most of Schwanen's findings relate to Canada-US trade and

the FTA, as it is deemed too early to make an accurate assessment of trade flows with Mexico.

Scott, Robert E. North American Trade after NAFTA: Rising Deficits, Disappearing Jobs. Washington DC: Economic Policy Institute, 1996.

This is a brief paper that is highly critical of the job performance record of NAFTA. Trade is viewed as a pure zero-sum game where domestic and foreign producers are always competing and are therefore substitutes for each other. Following this argument, increases in imports are automatically related to job losses (or job opportunities foregone), while exports increases are equated with job growth. An export and import multiplier is employed using Commerce Department data which estimates that 1 billion US\$ in exports equals 15 383 jobs. Using this methodology, the US has lost 483 633 jobs due to NAFTA in 1994 and 1995. Important questions can be raised regarding the methodological problems inherent in the 'export multiplier' literature that over-emphasizes the effects of free trade on total employment figures.

Tweeten, Luther, Jerry Shaples and Linda Evers-Smith. Impact of CFTA/NAFTA on US and Canadian Agriculture. Washington DC: Canadian Embassy, 1997.

The main objectives of this paper are to measure the contributions of FTA/NAFTA to the agricultural trade between Canada and the US, and to quantify the level and distribution of benefits and costs of further liberalization of agricultural trade between the two countries. After establishing that bilateral agricultural trade has increased significantly since the FTA, the authors attempt to determine whether free trade caused this increase. After accounting for currency fluctuations, the authors determine that the FTA/NAFTA had a significant impact on agricultural trade. Furthermore, econometric studies conducted on the Canada-US dairy, egg, sugar, and durum wheat/pasta industries indicate that there are overall welfare gains to be realized from further trade liberalization. A final suggestion is that an EU-style Canada-US monetary union could reduce the shocks associated with commodity price fluctuations.

United Nations: Economic Commission for Latin America and the Caribbean. NAFTA Implementation in Canada: The First Three Years. United Nations: Economic Commission for Latin America and the Caribbean, 1997.

This straightforward report outlines the main provisions of NAFTA, the institutionalization of the regime, and the main developments in the implementation of NAFTA in Canada during the first three years of operation. The report is characterized by its descriptive analysis of the main empirical and provisional issues including trade and investment flows, the workings of the committees and working groups, controversial issues such as cultural industries, and the labour and environmental side accords.

United States General Accounting Office. North American Free Trade Agreement: Impacts and Implementation. Washington DC: United States General Accounting Office, September 1997.

A useful survey of the literature on NAFTA assessment, this report highlights some of the main issues and problems in evaluating the agreement and its impact on the US economy. The first section of the report surveys the literature in this field, including the ITC and USTR studies, as well as private studies. The GAO report raises important methodological issues with these studies and points out some of the more questionable aspects of the aforementioned works. The study then evaluates NAFTA using economic (trade flows, productivity, employment) and political/social (Mexican market reforms, labour and environment issues) criteria. Other issues discussed include dispute settlement and the institutional basis for the NAFTA regime. One important conclusion is that an accurate measurement of the impact of NAFTA on the US economy is difficult to ascertain since other economic factors cannot be isolated from the far-reaching effects of trade liberalization.

United States International Trade Commission. The Impact of the North American Free Trade Agreement on the US Economy and Industries: A Three Year Review. Washington, DC: United States International Trade Commission, July, 1997.

A comprehensive and wide-ranging paper on the impact of NAFTA on the US economy, this report studies many industries and sectors in an attempt to capture the effects of the agreement on the economy, as well as on particular industries. The report studies in extensive detail some of the micro-economic and macro-economic implications of NAFTA, including an assessment of 200 industrial sectors and 68 aggregated sectors. The ITC concludes that NAFTA had a modestly positive impact on the American economy; US-Mexico trade was significantly affected, while it was concluded that NAFTA had no discernable effect on US-Canada trade. As well, employment and earnings were found to have made positive, but relatively minor, gains as a result of the agreement. The study attempts to isolate NAFTA from a host of other economic variables, however, the main indicators that are used to evaluate the impact of NAFTA were jobs created (through an export-job multiplier) and trade balances.

Weintraub, Sidney. NAFTA at Three: A Progress Report. Washington DC: Center for Strategic and International Studies, 1997.

This book assesses the impact of NAFTA after three years primarily from the US-Mexico perspective. However, much of the methodology incorporates a critique of how not to assess the economic affects of NAFTA. Instead of narrowly focusing on exports and jobs (as the ITC report does), Weintraub includes other criteria for analyzing the impact of NAFTA. These are: total trade flows; promotion of intra-industry trade and

specialization; productivity and wages; the competitive position of industries; the environment; and institution building. The overarching consideration that Weintraub stresses is that trade agreements such as NAFTA should be assessed after much longer periods of time, 10 to 20 years, as opposed to only three years. Following this point, the criteria are established as benchmarks mainly for future evaluative purposes. A preliminary conclusion is reached that NAFTA has had a modestly positive affect on the US economy, and that the framework has been established for continued and future economic, social and environmental development in Mexico.

The White House. Study of the Operation and Effects of the North American Free Trade Agreement; The President's Report to the Congress of the United States. Washington DC: The White House, July 1997.

Written by the Office of the United States Trade Representative, this report details and promotes the economic case for free trade and NAFTA. The study assesses NAFTA by using a criteria that stresses politically saleable variables such as US exports and job increases, and by highlighting the NAFTA side accords on labour and the environment. The study concludes that NAFTA has had a positive, but modest, impact on the US economy. There is greater emphasis on NAFTA being part of a broader US economic strategy; as well as NAFTA's role in containing the Mexican peso crisis and facilitating institution building in Mexico.

OVERVIEW- CHAPTERS

Appleton, Barry. Navigating NAFTA: A Concise User's Guide to the North American Free Trade Agreement. Toronto: Carswell Publishing, 1994.

This book is a comprehensive review of the provisions of NAFTA and its implications for policy-makers and other relevant stakeholders.

Hufbauer, Gary Clyde and Jeffrey Schott. NAFTA: An Assessment. Washington DC: Institute for International Economics, 1993.

This book is a preliminary assessment of the main provisions of NAFTA. The chapters of the agreement are evaluated within the parameters of the strategic goals of the participant countries, and its impact on North American economic integration. The general conclusion reached is that NAFTA will accrue positive benefits for all three countries, particularly Mexico.

Johnson, Jon. The North American Free Trade Agreement: A Comprehensive Guide. Toronto: Carswell Book, 1994.

This book is a provisional review of the chapters of NAFTA and the probable implications, including the agreement's strengths and weaknesses, for affected stakeholders (especially Canadians). This book takes more of a legal perspective and the analysis reflects this technically-oriented approach.

Lipsey, Richard, Daniel Schwanen and Ronald Wonnacott. The NAFTA: What's In, What's Out, What's Next? Toronto: C.D. Howe Institute, 1994.

A useful book that analyzes the major provisions of NAFTA, it also evaluates the most important sections of the accord, indicating where additional work needs to be done and the deficiencies in particular issue areas. It further advances the analysis to include predictions of how, and what issues, will be addressed in the progression of the North American trade regime.

COMPREHENSIVE

Baer, M. Delal, Joyce Hoebing and Sidney Weintraub (eds.). NAFTA and Sovereignty: Trade-offs for Canada, Mexico, and the United States. Washington DC: Center for Strategic and International Studies, 1996.

The overarching theme in this book is that increased economic integration in North America implies the ceding of some autonomy in decision-making by each of the three countries. Two authors each from Canada, Mexico and the United States examine the issues of sovereignty and integration. The Canadian contributors argue that although Canada's sovereignty has eroded in the traditional sense, since the approval of the CUFTA, the issue has been declining as a public concern. Further, an examination of major sovereignty issues (such as loss of political autonomy and de-industrialization) indicates that these concerns were not realized under free trade. The overall results indicate that countries have seen their sovereignty somewhat lessened, however it is noted that there is not necessarily a clear causal linkage to free trade.

Barry, Donald et al. Toward a North American Community: Canada, the United States and Mexico. Boulder: Westview Press, 1995.

This edited volume with multiple contributors addresses some of the more pertinent issues in the North American economic regime including: asymmetries of power for Canada and Mexico versus the United States, the European Union integration experience as a precedent, and future expansion of the NAFTA regime.

Castillo, Gustavo del V. and Gustavo Vega Canovas. The Politics of Free Trade in North America. Ottawa: Center for Trade Policy and Law, 1995.

This book examines the role of non-governmental actors and institutions in the processes involved in the negotiation of NAFTA, as well the challenges faced with implementing, deepening and widening the accord. The trade policy formation process is reviewed, with special emphasis on Mexican and Canadian trade advisory groups, and the context of the Mexican political economy. The auto and financial services sectors receive particular attention.

Cremeans, John E. (ed.) Handbook of North American Industry: NAFTA and the Economies of its Member Nations. Lanham: Bernan Press, 1998.

This book details the economic, social and political structures of Canada, Mexico and the United States. The emphasis is on the three economies of the NAFTA states and their leading firms, industries and sectors. There is a comprehensive database providing numerous economic and statistical indicators and variables, on both a micro and macro level. This book would be particularly useful for Canadian firms looking to tap either the Mexican or US export markets.

De Los Reyes, Guillermo and Paul Rich. (eds). NAFTA Revisited: Expectations and Realities. Thousand Oaks: Sage Periodical Press, 1997.

This edited volume focuses on the social and economic impact of NAFTA in Mexico. The various sections include papers on the peso crisis, education issues, democracy in Mexico and the many issues involved in the North American integration process for Mexico, especially vis-à-vis the United States.

Doran, Charles F. and Alvin Paul Drischler. A New North America: Cooperation and Enhanced Interdependence. Westport: Praeger Publishers, 1996.

With contributors from Canada, Mexico and the US, this volume covers a wide range of topics and issues relating to North American integration. The first part of the book considers perspectives of each of the three countries towards the fundamental structural and regional changes being brought about by NAFTA. The latter section of the book deals with strategic issues and expectations for the future; essentially the problem is whether further regional integration should either 'widen' or 'deepen' the North American trade regime.

Esquivel, Gerardo and Aaron Tornell. "The Political Economy of Mexico's Entry into NAFTA." in Takatoshi Ito and Anne O. Krueger (eds.) Regionalism versus Multilateral Trade Arrangements. Chicago: University of Chicago Press, 1997, pp.25-56.

This paper focuses on the reasons why Mexico entered into NAFTA? The thesis is that, although economic modeling predicted only a minor economic impact for Mexico, the Salinas administration was motivated by the role of NAFTA as a commitment mechanism. The government wanted to ensure that future economic and political reforms would be implemented. The authors point out that NAFTA cannot be viewed as an isolated event and that the role of powerful interest groups (such as the manufacturing elite and the export promotion interests) in setting state policy must be considered.

**Konrad, Herman W. and Stephen J. Randall. (eds.) NAFTA in Transition.
Calgary: University of Calgary Press, 1995.**

This book is an analysis of economic, social, cultural and political dimensions within North America that emphasizes the Canada-Mexico relationship, especially relative to the US. The various chapters are written by numerous authors from all three NAFTA countries. The main topics are border/migration issues, energy and the environment, economic perspectives and public policy, and culture.

**Mayer, Frederick. Interpreting NAFTA: The Science and Art of Political Analysis.
New York: Columbia University Press, 1998.**

A comprehensive and thoughtful work, this book examines the NAFTA process- from the decision to negotiate, to the international negotiations, through to the ratification exercise in the US- with an underlying framework of analysis to accompany the historical narrative. The analytical framework has two dimensions. The first is the level of analysis, that is, which actors should be the focus of analysis within the international system. The second dimension is the mode of politics. The question here revolves around an understanding of the political processes based on either rational choices, institutional processes or responses to symbolic constructions. The book argues that, while the politics of NAFTA operated on many levels and in many modes, there must be a focus on what is important for substantive analytical questions. The book then moves to apply the two modes of analysis to the three main stages of the NAFTA policy-making process to provide both a framework and interpretive guide for a political analysis of NAFTA.

Orme, William Jr. Understanding NAFTA: Mexico, Free Trade and the New North America. Austin: University of Texas Press, 1996.

This book is an overview of NAFTA and its political and economic implications that concentrates on the US-Mexico relationship. The main topics include the political economy of the negotiations, the political implications of NAFTA, and the prospects of continental integration. NAFTA is predicted to have modest economic effects on Canada and the United States.

Roberts, Karen and Mark I. Wilson. (eds.) Policy Choices: NAFTA Free Trade Among Nations. East Lansing: Michigan State University Press, 1996.

A diverse set of contributors from Canada, Mexico and the United States help to maintain the trilateral focus of this book. The effects of NAFTA on all three countries (with a sub-national focus on Michigan) are discussed with particular emphasis on the political economy of NAFTA, agriculture, immigration, and worker adjustment.

University of Washington, Henry M. Jackson School of International Affairs
multiple contributors from NAFTA course. NAFTA and Beyond: Policy
Making in an Interdependent World.
<http://weber.u.washington.edu/~canada/nafta/>; posted Winter 1998.

This volume was written by students enrolled in a joint course on NAFTA at the University of Washington and Western Washington University. Its focus is on the economic interdependencies created by NAFTA and their linkages to social, labour market and environmental concerns. The main thesis is that NAFTA and the neoliberal agenda has led to a downward harmonization of labour, social and environmental standards and growing insecurity and instability in the financial and labour markets. The winners from NAFTA include multinational corporations, high skill workers and banks; while the losers include marginalized workers, unions, women, children and indigenous peoples in all three member countries. Some recommendations put forth are: regulation of international capital flows (including a Tobin tax), strengthening of the scope and provisions of the labour and environment side accords, and new institutions designed to increase living standards of children and advance human rights.

AGRICULTURE

Buckingham, Donald E. and Richard Gray. "North American Wheat Wars and the End-Use Certificate: Compromising Free Trade?" Journal of World Trade. June 1996, pp.191-209.

Written by two agricultural economists, this paper reviews the long-running Canada-US wheat trade disputes, specifically the employment of End-Use Certificates (EUCs) as non-tariff barriers to free trade. Exploring various aspects of the Canada-US wheat trade and the role of EUCs, the paper finds that the treatment of American wheat imported to Canada is more trade distorting than the import of Canadian wheat into the US.

Hart, Michael. Damned If You Do and Damned If You Don't: The Trials and Tribulations of Canada-US Agricultural Trade." Ottawa: Center for Trade Policy and Law. 1996.

This paper is an overview and commentary on the long-running agricultural trade disputes between Canada and the US. The main thesis is that while both Canada and the US make use of agricultural trade barriers, Canada has more legitimate grounds to complain about US norms and procedures. The analysis covers the GATT years, as well as the FTA/NAFTA and includes contentious issues such as Canada's supply management system and NTB tariffication.

Kerr, William A. "Removing Health, Sanitary, and Technical Non-Tariff Barriers in NAFTA: A New Institutional Economics Paradigm." Journal of World Trade. October 1997, pp.53-73.

This paper examines the theoretical difficulties with trade liberalization in technical, health and safety regulations under NAFTA. The absence of progress in these issue areas is explained by "New Institutional Economics", which states that reliance on government agencies that do not have international trade as their primary responsibility is a crucial factor in slowing the trade liberalization pace. Many non-tariff barriers (NTBs) are industry specific and/or their administration is diffused across a variety of government departments and agencies. This leads to inertia, non-compliance and other transactions costs as trade liberalization commitments become bogged down within the bureaucratic sub-agencies. The examples of countervailing duties, border inspections, meat grading and importation of live animals are used to illustrate the main theoretical claims.

Matte, Kempton L. "Repercussions Down Dairy Lane...The NAFTA/WTO Factor." Journal of Dairy Science. Vol.80, 1997, pp.3083-3091.

This paper, written by a National Dairy Council official, presents an overview and analysis of the international trade agreements and the implications for the Canadian dairy industry. The author notes the continued evolution and liberalization of the agricultural trade regime, especially as Canada's supply management system comes under increasing trade liberalization pressures. The implication from this report is that Canada should proceed cautiously and carefully, as well as ensuring 'fair' market access, when discussing further trade accords.

Meilke, Karl and Erna van Duren. "The North American Free Trade Agreement and the Canadian Agri-food Sector." Canadian Journal of Agricultural Economics. March 1996, pp.19-37.

This is an extensive review and assessment of the NAFTA provisions concerning agri-food, and the interface between the FTA, NAFTA and the WTO provisions on agriculture. The article highlights Canadian agri-food policy issues such as market access, domestic support, technical regulations, and dispute settlement. It is emphasized that NAFTA itself will have limited impact on the Canadian agri-food sector, and that horticulture is the sector that will be affected the most.

Orden, David. "Agricultural Interest Groups and the NAFTA." in Anne O. Krueger (ed.) The Political Economy of American Trade Policy. 1997, pp.335-384.

The primary focus of this in-depth analytical paper is the attempts by US agricultural interest groups to influence the outcomes of the NAFTA negotiation and the ensuing congressional debate. It is suggested that agricultural producer groups carried significant power and influence, whether they were looking to expand export opportunities, or to limit import competition. While the Canada-US agricultural provisions of NAFTA were limited, producer groups such as wheat and peanut butter were successful in extracting concessions from the Clinton administration regarding ongoing bilateral trade disputes. Another important point the author makes is that, judging from the NAFTA experience, the viability of single-issue negotiations in substantially reducing agricultural trade barriers is questionable.

Tweeten, Luther G, Jerry Sharples, and Linda Evers-Smith. Impact of CFTA/NAFTA on US and Canadian Agriculture. Washington DC: Canadian Embassy, 1997.

The main objectives of this paper are to measure the contributions of

FTA/NAFTA to the agricultural trade between Canada and the US and to quantify the level and distribution of benefits and costs of further liberalization of agricultural trade between the two countries. After establishing that bilateral agricultural trade has increased significantly since the FTA, the authors attempt to determine whether free trade caused this increase. Even after accounting for currency fluctuations, the authors determine that the FTA/NAFTA had a significant impact on agricultural trade. Furthermore, econometric studies conducted on the Canada-US dairy, egg, sugar and durum wheat and pasta industries indicate that there are overall welfare gains to be realized from further trade liberalization. A final suggestion is that EU-style Canada-US monetary union could reduce the shocks associated with commodity price fluctuations.

CULTURE/INTELLECTUAL PROPERTY

Acheson, Keith and Christopher Maule. "Canada's Cultural Exemption: Insulator or Lightning Rod?" World Competition. Vol. 20, September 1996, pp.67-90.

This paper is an extensive and provocative look at Canada's cultural industries protection policies, particularly the cultural exemption negotiated in both the FTA and NAFTA. After reviewing recent culture-related trade disputes, it is asserted that the cultural exemption clause has failed in protecting Canadian cultural industries. In fact, by bargaining for an ineffective exemption, Canada left cultural industries outside of the range of FTA/NAFTA; particularly the dispute settlement provisions. Therefore this highly politicized sector was left exposed to the vicissitudes of the US political and bureaucratic process. Further, recent technological developments such as satellite broadcasting and telecommunications present increasingly formidable challenges to the cultural protection regime.

_____. "Canada's Cultural Policies: You Can't Have it Both Ways." Canadian Foreign Policy. Winter 1997, pp.65-81.

This paper succinctly outlines two opposing perspectives on protecting Canada's cultural policies: the nationalist view and the open view. The nationalist view is defined as the need for domestic producers of Canadian 'culture' to be able to disseminate their products across Canada, usually by tightly regulating the market. The open view stresses that the best way to have firms that promote Canadian creativity and culture is to build firms that are internationally competitive. The authors adhere more to this viewpoint, mainly because: Canadian content regulations are often contradictory and too discretionary; Canadian artists and firms have succeeded on the world stage; ownership restrictions fail to establish causal linkages to promotion of Canadian content; and the FTA/NAFTA cultural exemption provision does not work.

_____. The Culture of Protection and the Protection of Culture- A Canadian Perspective in 1998. Ottawa: Carleton University; Department of Economics, 1998.

A follow-up to the co-authors' earlier work on Canada's cultural industries, this paper examines the factors that have led to a change in thinking on Canada's approach to supporting cultural industries. These factors include: the effects of technology altering the methods by which cultural content is produced and distributed; the extension of the market (especially by technology) for small market cultural producers; the conflicting commercial interests and obligations under NAFTA and the WTO; and the recent

questioning of the stated aims of protectionist government policies. A concluding suggestion is made that Canada must design cultural policies that reflect new technologies and international regime constraints and obligations.

Atkey, Ronald. "Canadian Cultural Industries Exemption From NAFTA- Its Parameters." Canada-US Law Journal. Vol. 23, 1997, pp. 177-200.

This paper presents an overview of the cultural industries debate from a "Canadian perspective." It discusses how Canada has carefully crafted its cultural protection regime in compliance with international trade laws until the 1997 WTO decision on the *Sports Illustrated* case, which is seen as a watershed for Canada's approach to trade policy. This has led to a broader public debate on the key issues of defining Canadian culture, protecting Canadian cultural identity, the impact of the international trade regime, and the continuing dynamic changes accompanying the globalization trend.

Hertz, Allen. "Shaping the Trident: Intellectual Property Under NAFTA: Investment Protection Agreements and the World Trade Organization." Canada-US Law Journal. Vol. 23, 1997, pp.261-325.

This article presents an extensive legal review and assessment of the multi-layered intellectual property rights regime. The author views the regime as a trident with the prong being NAFTA, the Trade-Related Intellectual Property Rights accord, and the Paris and Berne Conventions. One side of the trident encompasses investment disciplines, while the other side deals with the difficult concept of non-violation nullification or impairment complaint. The trident approach is supported by the net exporters of copyright products, especially the United States. There is also a substantial section devoted to the cultural industries exemption in the FTA/NAFTA.

McAnany, Emile G. and Kenton T. Wilkinson. (eds.) Mass Media and Free Trade: NAFTA and the Cultural Industries. Austin: University of Texas, 1996.

This book explores the effects of NAFTA on the flow of cultural products among Canada, Mexico and the United States. With multiple authors from all three NAFTA countries, topics such as Quebec's cultural regime, national identity, and Mexican views on protecting culture and copyright issues are discussed in relation to industries such as TV and film.

Nafziger, James A.R. "NAFTA's Regime for Intellectual Property: in the Mainstream of Public International Law." Houston Journal of International Law. Vol.19, 1997, pp.807-828.

This article reviews the recent trends in the international intellectual property regime, with a technical/legal focus on the intellectual property provisions of NAFTA. The NAFTA intellectual property rights provisions are exhorted as an excellent example of a regional authority creating an inclusive regime of international economic law. Further, it is found that this new regime was created in the context of a new cooperative relationship among scholars, government officials and practitioners in North America.

Paton, Paul D. and Christine J. Prudham. "Barriers to Trade or Culture's Last Stand: Copyright Issues Under NAFTA." Canadian Review of American Studies. Number 3, 1997, pp.19-33.

This paper focuses on the divide between those in the cultural issues and trade debate; specifically, the 'culture as national identity' side versus the 'culture as a commodity' view. The problems that arise from these two competing perspectives regarding culture and copyright issues can be usually traced to the split along national lines. Among the copyright issues addressed are moral rights and the proposed protection of 'performer's rights'.

Ragosta, John A. "The Cultural Industries Exemption From NAFTA- Its Parameters." Canada-US Law Journal. Vol.23, 1997, pp.163-176.

This paper attempts to outline the American side of the trade-related cultural industries debate; that is, the arguments that stress trade reciprocity, intellectual property rights, and policy consistency. Regarding how culture is covered in FTA/NAFTA, the author highlights three key points: definition, balance and discrimination. It is these three issues that make protecting culture so difficult for Canada within the international trade regime. A concluding suggestion is that Canada may have to restructure its regulatory regime so that it is smaller, yet offers stronger legitimate cultural protection.

Scow, Aaron. "The *Sports Illustrated* Canada Controversy: Canada 'Strikes Out' in its Bid to Protect its Periodical Industry from US Split-Run Periodicals." Minnesota Journal of Global Trade. Vol.7, Winter 1998, pp.245-285.

This paper is a legalistic examination of the *Sports Illustrated* split-run magazine trade dispute. The paper analyzes WTO panel and appellate decisions and the interplay between NAFTA and the global trade regime. After outlining alternative options for Canada in responding to the WTO decision (including the preferred option of direct subsidies), concern is expressed regarding the conflict between established multilateral

agreements and emerging regional trade areas. In particular, the “forum shopping” that US officials used when deciding to appeal to the WTO instead of NAFTA is seen as a detrimental development for NAFTA.

Schwanen, Daniel. A Matter of Choice: Toward a More Creative Canadian Policy on Culture. Toronto: C.D. Howe Institute, 1997.

This paper reviews and assesses the cultural protection regime in Canada and its performance and prospects within the international trade regime. The principle finding of the paper is that, although Canada’s support for its cultural sector can be legitimately validated, changes in the regulatory regime are necessary in the face of technology advances and recent developments under in the WTO and NAFTA. The cultural exemption embodied in FTA/NAFTA is discredited as an effective policy-making tool. The suggestion is made that Canada should consider trade-compatible solutions such as direct subsidies and Canadian “shelf space” in order to protect Canadian cultural sectors in a trade regime compatible manner.

ENVIRONMENT

Audely, John J. Green Politics and Global Trade: NAFTA and the Future of Environmental Politics. Washington DC: Georgetown University, 1997.

This book focuses on the struggle to reconcile the two paradigms of economic expansion and sustainable development within the context of the NAFTA policy-making process. Written by a former environmental activist, the emphasis is on interest group policy-making and lobbying strategies and tactics and features both theoretical and practical evidence. The main conclusion is that although environmentalists won some procedural changes and minor concessions in the NAFTA debate (the North American Agreement on Environment Cooperation side accord, the Committee on Trade and the Environment), they failed to modify the norm of economic growth and expansion as the guiding principles behind US trade policy and NAFTA.

Beaulieu, Andre and Pierre Marc Johnson. The Environment and NAFTA: Understanding and Implementing the New Continental Law. Peterborough: Broadview Press, 1996.

This book is a comprehensive overview of NAFTA and the environment. It covers the North American Agreement on Environment Cooperation (NAAEC), the Commission for Environmental Cooperation and the main treaty itself. Both descriptive and analytical insights are provided on a range of trade and environment issues including dispute settlement, standards, enforcement of treaty provisions and domestic laws, as well as the political economy of the NAFTA negotiations. The focus of the book is on the larger impact of NAFTA on the environment and its scope extends past trade law to international and domestic politics, governmental policy-making and the role of NGOs in the policy-making process.

Block, Greg. "NAFTA's Environmental Provisions: Are They Working as Intended? Are They Adequate?- A View From Canada." Canada-US Law Journal. Vol.23, 1997, pp.409-416.

Written by a member of the Commission for Environmental Cooperation (CEC), this paper assesses the environmental provisions of NAFTA. There is a review of the structure of the CEC, the Commission's mandate, and the most pertinent aspects of the NAAEC. Further, the cases that allege failure of NAFTA states to enforce their environmental regulations are surveyed. Other CEC work such as developing and disseminating information and environmental technologies is discussed.

Bolinger, Christopher N. "Assessing the CEC on its Record to Date." Law and Policy in International Business. Vol.28, Summer 1997, pp.1107-1132.

The main argument in this paper is that the NAFTA provisions on the environment, especially the Commission for Environmental Cooperation (CEC), are valuable institutions with much to offer the environmental movement in North America. In evaluating the work of the CEC, it is suggested that it should be measured by the protection that it provides, not by its supposed shortcomings. The article focuses on actions taken by the Secretariat in response to citizen submissions and petitions and criticisms, while also addressing and dispelling criticisms of NAFTA. These criticisms include: that NAFTA is a "toothless regime"; that it is not independent enough; and that it does not allow for adequate transparency or public participation. Suggestions made to improve the CEC as an enforcement tool and as a political forum include improved citizen access, time constraints on complaints, and mandated responses to submissions to the Secretariat.

DiMento, Joseph F. and Pamela M. Doughman. "Soft Teeth in the Back of the Mouth: The NAFTA Environmental Side Agreement Implemented." Georgetown International Environmental Law Review. Vol.10, Spring 1998.

This article is an in-depth and thorough analysis of the NAFTA side accord on the environment. Among other methodological tools, the study relies on a survey on "experts' opinion" that was sent to interested stakeholders including environmentalists, government officials, business and academics. The study summarizes and evaluates: NAFTA's gestation and negotiation process; the differing views within the environmental community on NAFTA; and the implementation of the agreement and its constituent environmental provisions. It concludes that, while some aspects of the NAAEC have been problematic, on the whole it, has been an impressive example of international environmental cooperation. Some recommendations presented are: to increase the transparency (and public access to) Commission activities; to increase political commitment to the institutional regime; and to enhance the power and authority of constituent organizations.

Gilbreath, Jan and Sidney Weintraub. North American Trade Under NAFTA. Montreal: *NAFTA Effects Working Paper Series*, April 1996.

This publication is one in a series of papers published by the CEC examining the environmental impact of NAFTA. After reviewing NAFTA's rules and provisions relating to trade, investment and the environment, some recommendations are made for formulating a research methodology in a comprehensive project assessing the environmental impacts of NAFTA. Some of the recommendations include: to use either the automotive or energy sectors as sector areas of study; to focus on the US-Mexico border region; and to use corporate interviews as part of the methodological framework.

Kirton, John. NAFTA's Trade-Environment Institutions: Regional Impact, Hemispheric Potential. Paper presented at the University of Southern California's Center for International Studies, October 28, 1997.

This paper reviews the role and impact of the core NAFTA text and its accompanying North American Agreement on Environmental Cooperation (NAAEC). The main thesis is that NAFTA has created a multi-faceted, trilateral relationship within the regional community that embeds an advanced environmental regime with environmental principles within the economic integration process. While acknowledging the impact of US power and leadership, the NAFTA environmental regime has nonetheless exhibited characteristics that point to the autonomy, independence, and policy-influencing behaviour of environmental interests versus trade interests. This arrangement is viewed as a template for broader trade-environmental linkages when pursuing regional or multilateral trade arrangements.

Kirton, John and Alan Rugman. The Trade and Environmental Effects of NAFTA: NAFTA's Environmental Institutions and Firm Behaviour. Paper presented at the Annual Meeting of the Academy of International Business, Monterrey, Mexico; October 8-12, 1997.

This study purports to examine trade-related environmental issues from a unique perspective. While other scholarly works use standard economic theory to judge NAFTA's trade and investment impact, environmental issues are studied using institutional analyses. The authors combine these two methods to model an assessment of NAFTA's effects on environmental issues. They analyze NAFTA's economic and environmental institutions and how they have affected trade, investment and national environmental regulations, while also looking at the strategic responses of North American businesses. The study concludes that NAFTA institutions (especially the Committee for Environmental Cooperation) have effectively emerged as trade facilitating bodies, while pursuing environmentally sound policies. However, it is also found that firms have generally failed to recognize the new opportunities available in the regional market.

Kirton, John, Alan Rugman and Julie Soloway. "NAFTA, Environmental Regulations and Canadian Competitiveness." Journal of World Trade. August 1997, pp.129-144.

This paper is a discussion of the NAFTA environmental provisions. It specifically stresses how the NAFTA environmental regulatory regime affects the investment and competition strategies of Canadian firms. The main conclusions are that environmental rules can act as trade barriers- "shelter-based environmental regulations"- and that they are a serious problem for trade liberalization measures. The case study of UHT (ultra-high temperature) milk illustrates the complexity of the issues involved in

trade/environment disputes.

Public Citizen. NAFTA's Broken Promises: The Border Betrayed. Washington DC: Public Citizen's Global Trade Watch, January 1996.

This policy brief presents a harsh critique of NAFTA and its impact and anticipated effects on the environment, especially along the US-Mexico border. Among the issues covered are truck safety, maquiladora plants, chemical disposal methods, and other violations of environmental regulations. The brief posits that NAFTA will continue to cause these problems, and in fact will likely exacerbate them.

Ramirez, Rogelio de la O. North American Investment under NAFTA. Montreal: *NAFTA Effects Working Paper Series*, April 1996.

This publication is one in a series of papers assessing the impact of NAFTA on the environment. The focus is on foreign investment under NAFTA; specifically the links between increased investment and pollution, as well as environmental controls that investors are adopting. It is stressed that it is not the paper's objective to establish a causal connection between NAFTA-induced investment and the environmental effects. The main methodological tool is a survey of businesses, and a comparison of investment figures and flows in the pre-NAFTA period of 1985-1990, to the post-NAFTA impact period of 1991-1994. The main finding is that while FDI is generally destined for plants and equipment, an increasing share of investment is dedicated to pollution-control equipment and environmental management.

Rugman, Alan M. and David Vogel. "Environmentally Related Trade Disputes between the United States and Canada." The American Review of Canadian Studies. Summer 1997, 271-292.

The objective of this paper is to determine whether environmentally-related US-Canada trade disputes are initiated due to environmental protection concerns or whether they are being employed as indirect trade barriers. Ten cases are reviewed, including the MMT fuel, salmon/herring, and softwood lumber cases. Nine of the ten cases are found to have clearly illustrated that trade barriers were erected to protect the home market from foreign competition. The tenth, MMT fuel, was defined as an auto industry vs. petroleum industry dispute.

Schuler, Douglas A. "The NAFTA and the Environment: Trade, Diplomacy, and Limited Protection." International Trade Journal. Fall 1996, 353-377.

An overview and analysis of the evolving relationship between trade and the environment in North America. After reviewing the environmental provisions of

NAFTA and the environmental side accord (NAAEC), it is determined that the merging of environmental issues with NAFTA's core trade and investment provisions has been a qualified success. The main reasons for this finding are: the ground-breaking nature of the inclusion of environmental issues in a trade treaty; the dispute settlement mechanisms; and that national sovereignty is respected.

EXPANSION: HEMISPHERIC

Bailey, Glen. "Canadian Diplomacy as Advocacy: The Case of Chile and the NAFTA." **Canadian Foreign Policy.** (Winter 1995), pp.97-112.

This article reviews the history of Canadian-Chilean relations and analyzes the drive for Chile's NAFTA accession. The main focus is the Canadian diplomatic advocacy campaign during bilateral discussions regarding free trade. The concluding remarks suggest that advocacy should be another diplomatic tool for Canadian officials to use when promoting Canadian interests abroad.

Bayer, Brandy A. "Expansion of NAFTA: Issues and Obstacles Regarding Accession by Latin American States and Associations." **Georgia Journal of International and Comparative Law.** Vol.26, Summer 1997, pp.615-640.

This paper is an overview of the main issues associated with expansion of NAFTA and Western hemispheric liberalized trade. After a background discussion of the history of regional trade arrangements in the Western hemisphere, the main issues concerning NAFTA expansion are summarized including: the technical accession process; potential NAFTA accession candidates; NAFTA expansion in the context of the FTAA talks; and group vs. individual state accession. Of the many obstacles to NAFTA expansion discussed (such as the competing objectives of other sub-regional groupings or variances in legal systems), the political obstacles (especially US domestic support for fast-track negotiating powers) are noted as presenting serious threats to increased sub-regional and regional trade regime expansion.

Dearden, Richard. "Implications of NAFTA's Extension to Chile and Other Countries- A Canadian View." **Canada-US Law Journal.** Vol.23, 1997, pp.235-242.

This citation is a discussion (from a Canadian perspective) of the implications of not extending NAFTA to Chile, including the impact on the Free Trade of the Americas (FTAA) process and the larger multilateral system. The point is made that Canada views the NAFTA and FTAA processes as two separate entities, as Canada does not want to see a re-negotiation of NAFTA.

Hinojosa-Ojeda, Raul et al. Convergence and Divergence Between NAFTA, Chile and Mercosur: Overcoming Dilemmas of North and South American Economic Integration. New York: Inter-American Development Bank, 1997.

This empirical study assesses the possible paths towards economic integration between NAFTA (which for this study only accounts for the US and Mexico), Chile, and MERCOSUR and analyzes the collective action problem that needs to be resolved if there is to be hemispheric integration. The analysis is based on Computable General Equilibrium (CGE) models which attempt to isolate and predict the effect of reduced trade barriers on economic indicators such as GDP and trade flows. After computing various integration scenarios, the study presents these conclusions: NAFTA has a very small positive impact on the US economy and a larger positive impact on Mexico; for NAFTA and MERCOSUR full hemispheric trade is preferable to bilateral FTAs and incomplete NAFTA accession; the US is better off with a multiple regional grouping than smaller groupings; and trade diversion will occur if a hemispheric free trade zone is created. It is stressed that in the absence of a mechanism for negotiating a hemispheric accord, Brazil and Argentina would likely choose the second-best solution of negotiating a South American free trade agreement.

Lande, Stephen and Ambler Moss. "A Critical Year for Hemispheric Free Trade: Can Countries Agree on a Blueprint?" The University of Miami Inter-American Law Review. Vol.28, Spring/Summer 1997, pp.507-541,

This paper is an overview and analysis of many of the political, economic, legal and procedural issues involved in planning the launch of Western Hemispheric free trade negotiations. The key issues, problems and points of interest are summarized in an efficient and thorough manner. Two tracks, or processes, are identified as being set in motion. The first track is the amalgamation and extension of sub-regional free trade arrangements, and the second is the development of hemispheric norms. The dual promotion of both tracks leads the authors to find that the future of hemispheric integration remains unfocused and unclear.

Lipsey, Richard and Patricio Meller, (eds.) Western Hemisphere Trade Integration: A Canadian-Latin American Dialogue. New York: St. Martin's Press, 1997.

This is a collection of works by various authors focusing on Canada, Latin America and economic integration. The book provides views from both Latin Americans and Canadian on Western Hemispheric integration and offers suggestions in order to achieve a convergence in both perceptions. Specific issues analyzed include: trade alternatives for a small country; the importance of border trade; social issues and labour adjustment policies during trade integration; and dispute settlement mechanisms.

Paskey, Janice and Roberto Duran Sepulveda. Unlikely Allies: Canada-Chile Relations in the 1990s. Ottawa: Canadian Foundation for the Americas, 1996.

This book is a concise and thorough review of the diplomatic and economic relationship between Canada and Chile and the events of the mid-1990s that transpired to lead to negotiations towards a bilateral free trade deal. While two-way trade between Canada and Chile is small, there is a recent upwards trend as Canadian investment in mining and minerals has led the way for new foreign investments. However, the political economy of the trade climate in 1995- when the US failed to grant fast-track accession for negotiations with Chile- is stressed as the overriding consideration leading to Canada's decision to initiate bilateral negotiations.

Ready, Kathryn J. and Marcus Hart Sandover. "Policy Issues in Moving from NAFTA to FTAA." North American Outlook. Winter 1995/1996, pp.24-55.

In this paper, NAFTA expansion is examined and the general conclusion is that expansion of NAFTA throughout Latin America is a positive and worthwhile initiative. There are three main sections of the paper. The first examines current trade agreements and trade policies throughout Latin America in order to analyze how they could be integrated into NAFTA. The second section discusses moving from NAFTA to a FTAA, while the final section analyzes the policy issues involved in the creation of a FTAA (such as labour/environmental issues, accession procedures, and investment provisions).

Weintraub, Sidney. NAFTA: What Comes Next? Washington DC: Center for Strategic and International Studies, 1994.

The book examines the expansion prospects for NAFTA and for greater North American integration. Important issues that are discussed include regionalism vs. multilateralism, sub-regional integration and the utility of 'helter-skelter' widening of NAFTA. Weintraub's concern is that regional arrangements will impede the broader goals of multilateral economic integration.

EXPANSION: TRANSATLANTIC

**Bierbass, Joerg. TAFTA: A Proposal for a Transatlantic Free Trade Area.
Edmonton: University of Alberta. Ph.D. Dissertation, 1997.**

The focus of this dissertation is the proposed TAFTA between the NAFTA countries and the EU; specifically the advantages, disadvantages and prospects of a potential free trade agreement. One significant problem that is addressed is that a TAFTA would weaken the multilateral approach to trade liberalization. However, progress could be made in certain sectors, such as agriculture, that have not been adequately covered by the WTO.

**“Policy Forum: Trans-Atlantic Free Trade.” Washington Quarterly. Spring 1996,
pp.105-133.**

A special issue with numerous contributors, this citation consists of a collection of essays on a wide range of policy issues regarding a prospective transatlantic free trade agreement between NAFTA and the EU. Some of the issues dealt with include: the substantive composition of an agreement; the impact on the overall international trading system; security issues; the political economy of a ‘TAFTA’; and the broader geo-strategic implications of an agreement.

INVESTMENT

Banerjee, Nipa. Recent Trends in Foreign Direct Investment: A Comparison of Canada with the USA and Mexico. Reference Document No.2, Ottawa: Department of Foreign Affairs and International Trade, December 1997.

This paper provides a descriptive review of inward Foreign Direct Investment (FDI) data with respect to Canada, the United States and Mexico. Covering the years 1984-1994, the study examines the general role of FDI in a country's economy and what is its specific role in Canada. Empirical data is presented that demonstrates the high share of FDI in Canada, the complementarity between trade and investment, and the increase in foreign companies' business in Canada. Another notable observation is that Canada's share of FDI has declined since the mid-1980s.

Eden, Lorraine. "The North American Investment Regime." Transnational Corporations. Vol. 5, 3. December 1996, pp. 61-98.

This paper focuses on the emerging North American investment regime and the regionalization of the North American market. Combining both theoretical discussion and practical analysis, the main conclusion reached is that there is a shift occurring from shallow integration (removal or reduction of tariff barriers on goods) to deep integration (removal or reduction of most barriers to flows of goods, services and investment) in North America. Further, bilateral harmonization and coordination of other government policies (such as taxation) have accelerated this fundamental regime transformation. The emerging investment regime was partially initiated and further perpetuated by the signing of the FTA and NAFTA and the reduction in investment barriers, increased market access and enhanced factor mobility that is occurring under the trade accords.

Gestrin, Michael and Alan M. Rugman. "A Conceptual Framework for a Multilateral Agreement on Investment: Learning from the NAFTA." in Pierre Sauve and Daniel Schwanen (eds.) Investment Rules for the Global Economy. Toronto: C.D. Howe Institute, 1996.

This paper analyzes the linkages between trade and investment strategies of multinational enterprises (MNEs) and NAFTA. From this discussion a rules-based market access system for investment- an MAI- is conceptualized as the next step towards a broader investment regime. NAFTA is viewed as the framework from which the model for an MAI can be constructed as the NAFTA investment provisions are very strong with respect to rules and procedures (especially dispute settlement issues and negative exception listing). However, it is posited that improvement of the NAFTA investment

code could be made regarding the strict rules of origin provisions, the definition of subsidies and within the competition policy arena.

Horlick, Gary N. and Alica L. Marti. "A Private Right of Action to Enforce Market Access Through Investments." Journal of International Arbitration, Vol.14, March 1997, pp.43-54.

This piece is an extensive examination of the institutional and functional characteristics of NAFTA Chapter 11 (investment), and specifically 11B, the dispute settlement procedure. The paper presents a legalistic review of Chapter 11B, and outlines the scope, limitations and exceptions related to the provision. The paper concludes that 11B has been limited in its use and interpretation thus far; yet it is seen as an untapped source of extensive private investor rights.

Kirton, John. NAFTA, Foreign Direct Investment and Economic Integration: The Case of Canada. Paper presented at seminar on Migration, Free Trade and Regional Integration: the Case of Canada. Mexico City, January 15-16, 1998, Organization for Economic Cooperation and Development.

This report seeks to identify the impact of NAFTA on FDI and economic integration in Canada and is reliant upon a survey of business, government, NGOs and academics as its methodology. The effects of NAFTA on Canada's investment performance is found to be positive; as flows and stocks of Canadian investment have increased outwards, so have inflows of foreign investment to Canada. This has led to increases in intra-firm and intra-industry trade, a diffusion of management expertise, enhanced technology transfer and efficiency gains. It should be noted that Canada's overall investment share (North American and world flows) has fallen since the mid-1980s, however the rate of decline between the two indicates that Canada's North American share declined less. It is concluded that while some sectors in Canada have suffered a diversion of investment to Mexico, the regional integration regime has led to more productive strategic firm investment decisions and substantial benefits.

Kirton, John and Alan Rugman and Julie Soloway. "Canadian Corporate Strategy in a North American Region." The American Review of Canadian Studies, Summer 1997, 199-219.

This paper analyzes NAFTA and its impact on corporate strategy for Canadian firms. While NAFTA is significant because it provides a rules-based system for investors and trades, the authors find that the overarching nature of Canadian corporate strategy was determined well before NAFTA, and even before the FTA. This corporate strategy is characterized by a high degree of intra-firm and intra-industry trade flows, by North American business networks (or clusters), and a continental approach to North American business. The chemical industry is used as a case study of a sector that has been affected

by the regionalization strategy in a North American context.

Mirus, Rolf and Barry Scholnick. US Foreign Direct Investment into Canada After the Free Trade Agreement. University of Alberta: Center for International Business, April 1998.

This paper examines how US foreign direct investment (FDI) has fared in Canada since the FTA. The paper presents empirical evidence that US FDI has continued to grow since 1989 (while finding that imports increased at a faster rate). Moreover, the proportion of US FDI in manufacturing has increased relative to the proportion in the resources sector. This finding contradicts the view that Canada's manufacturing base would be depleted with the advent of free trade. Furthermore, the bulk of new US FDI was directed to sectors in which firms held comparative advantages for FDI as indicated by the relative strength of their previous commitments. This finding indicates that the agglomeration effects have an impact on investment decisions. It is also noted that US FDI consistently exhibits a higher rate of return in Western Europe than in Canada. While this could be due to the smaller market size in Canada, this is still an observation that the authors' note could use further investigation.

Molot, Maureen Appel. "The North American Free Trade Agreement: Policy or Investment-Led?" in Richard G. Lipsey and Patricio Meller (eds.) Western Hemispheric Integration: A Canadian-Latin American Dialogue. New York: St. Martin's Press, 1997, pp.171-190.

This paper focuses on the North American investment regime, and includes the role of state policies, firm behaviour and strategic responses. The author's main contention is that the North American trade and investment regime has been evolving for some time, and formal trade treaties are but one important part of this ongoing evolution. Further, it is difficult to distinguish between policy- and investment-led integration in North America. Policy-led integration is when states initiate policies that reduce trade barriers between other states; investment-led integration occurs when firm behaviour acts as the principal motivator of regional integration. In some respects Canada's pursuit of free trade with the US was an investment-led decision; however, there are certain elements of the agreement (states reducing barriers to goods and services) that are clearly policy decisions.

Rugman, Alan M. (ed.) Foreign Investment and NAFTA. Columbia: University of South Carolina Press, 1994.

This book provides an overview of the North American investment regime, as well as analyzing the key investment issues relating to NAFTA. Three broad themes resonate throughout the chapters: while NAFTA will accelerate economic change, it is still a reflection of processes already underway; NAFTA is an ongoing part of the

rationalization process driven by strategic business activities of MNEs; and there will be marginal benefits accrued by Canada and the US from NAFTA, while Mexico will enjoy greater benefits. This situation is mainly due to the highly advanced and integrated investment regimes already present in Canada and the US; Mexico, by contrast, has much more room to improve and expand its economic capabilities.

Shin, Roy W. A New Paradigm of the Political Economy: Corporate Foreign Direct Investment Strategies under NAFTA. Washington DC: Canadian Embassy, 1997.

This paper is principally a descriptive review of the emerging foreign investment regime in North America and corporate strategies pursued under NAFTA. The main aspects covered include: a review of NAFTA investment regulations; rules of origin; the competitive advantage of multinational firms; and in-depth studies of the automotive, textile and apparel, and the energy sectors.

LABOUR

Ballistreri, Edward J. "The performance of the Heckscher-Ohlin-Vanek model in predicting endogenous policy forces at the individual level." Canadian Journal of Economics. February 1997, pp.1-15.

This paper is an econometric analysis of the opinions of Canadians regarding the 1988 FTA using the Heckscher-Ohlin-Vanek (HOV) model of factor mobility and endowment. It attempts to isolate and control for the income effect and FTA opinion factors. The paper asserts that agents base their opinions about trade liberalization as predicted by the HOV model; that is, agents with occupations that are relatively abundant in Canada were more likely to favour the FTA. This is consistent with the HOV prediction that these workers would likely receive a real income increase under a liberalization policy.

Chimerine, Lawrence, Marvin Fooks and Howard D. Samuel. Strengthening Trade Adjustment Assistance. Economic Strategy Institute, <http://www.econstrat.org/taa.htm>, visited May 1998.

This paper focuses on the adjustment strategies and programs designed to cushion workers from the effects of imports. There is an overview of trade adjustment programs (including the NAFTA program) and how they have been part of the US government's economic and political strategy in dealing with rising imports that displace companies and workers. The main recommendations for improving trade adjustment assistance are to create one encompassing program out of the two existing programs, and to make it easier for affected workers to obtain benefits such as re-training and certification.

Dorantes, Catalina Amuedo and Wei-Chiao Huang. "Unemployment, immigration and NAFTA: A Panel Study of 10 Major US Industries." Journal of Labour Research. Fall 1997, pp.613-619.

A short, but substantive piece, this econometric study attempts to assess the effects of NAFTA on unemployment and immigration. The main methodological device is a pooled cross-section and time series analysis of the unemployment rates across 10 major US industries from 1983-1994. The empirical study suggests that NAFTA has not had a statistically significant affect on industry unemployment rates. Further, Canadian and Mexican immigration seems to complement the composition of the US labour force.

Gaston, Noel and Daniel Trefler. "Labour Market Consequences of the Canada-US Free Trade Agreement." Canadian Journal of Economics. February 1997, pp.18-41.

This paper is an analysis of the poor employment record of the first five years of the FTA that uses regression techniques to isolate economic variables. An empirical summary details how the labour market contracted across all industries over this period; this is in contrast to the trade creation and employment expansion that was predicted to occur. However, the authors conclude that the recession had little to do with the FTA, and that controlling for the effects of the recession, the FTA-mandated tariff cuts accounted for only 9-14% of the job losses during this period. The timing and depth of the recession was most influenced by high interest rates and a high Canadian dollar; correspondingly, these two factors had the largest impact on job losses.

Herzenberg, Stephen. "Calling Maggie's Bluff: the NAFTA Labour Agreement and the Development of an Alternative to Neoliberalism." Canadian-American Public Policy. December 1996, pp.1-39.

This paper takes a critical view of the NAFTA labour regime and its social, economic and institutional impact. NAFTA is critiqued as a flawed extension of neoliberal economic policies that have failed in promoting economic development and improving working conditions such as wages and workplace health and safety standards. Alternatively, the author advocates using the NAALC as a building block towards a more egalitarian North American economic development. This new direction of North American development would include possibly abrogating NAFTA and designing and implementing other trilateral institutions and regimes, such as common labour standards and minimum working conditions. It is also claimed that Mexico, which is asserted to be the NAFTA country most harmed by neoliberalism, should be more politically inclined to seek alternative solutions to NAFTA.

Hinojosa-Ojeda, Raul et al. North American Integration Three Years after NAFTA: a Framework for Tracking, Modeling and Internet Accessing the National and Regional Labour Market Impacts. Los Angeles: North American Integration and Development Center, 1996.

This study is an encompassing and comprehensive analysis of the impact of NAFTA on the US economy, particularly with relation to US-Mexico trade and related employment. The main finding is that there has been a slightly positive increase in US employment due to NAFTA. The methodology employed to calculate net employment effects moves past the models employed by various US government agencies and free trade analysts such as Hufbauer and Schott. According to the authors, these models fail to consider important factors such as the lack of substitutability between many imports and exports, as well as the role of intermediate imports and exports. However, the job increase figures attributable to NAFTA are greatly overstated. Furthermore, the job

losses attributed to NAFTA are even more misleading and exaggerated than the job increase calculations. While taking a critical view to many of the elements of the NAFTA debate, the report nonetheless argues in favour of NAFTA expansion.

Jackson, Andrew. Impacts of the Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) on Canadian Labour Markets and Labour and Social Standards. Ottawa: Canadian Labour Congress, November 1997.

This paper analyzes and critically assesses the impact of free trade on the Canadian economy, with a particular focus on the labour market. The author rejects neo-classical economic assumptions regarding economic transactions and free trade as “theoretical” notions that fail to meet “real world” applications. This provides a basis for the assertion that the integration of trade and investment in the context of high unemployment and international capital mobility presents the possibility of negative effects on workers. The main methodological framework is a statistical and empirical assessment of selected economic variables in Canada, as well as Canadian economic and labour performance vis-à-vis the US. The report finds: that there is limited evidence that free trade has produced a structurally stronger manufacturing sector; that there are problems with productivity in Canada; there has been no significant inflow of net foreign direct investment under free trade; and that wage levels have not followed the rise in productivity and profit levels in the 1990s. The study concludes by raising the issue of “social clauses” to protect and promote labour rights in all trade and investment agreements.

Pomeroy, Laura Okin. “The Labour Side Agreement Under NAFTA: Analysis of its Failure to Include Strong Enforcement Provisions and Recommendations for Future Labour Agreements Negotiated with Developing Countries.” George Washington Journal of International Law and Economics. Vol.29, 1996, pp.769-802.

This paper argues that in future trade negotiations with developing countries, the US should place a priority on negotiating an agreement that addresses and attempts to correct any participating countries’ failure to enforce its domestic labour standards. After summarizing the negotiation process and examining the NAALC, the author asserts that future trade deals should contain mechanisms, most likely monetary sanctions, that would overcome the inherent weaknesses in NAFTA’s institutional provisions and compel recalcitrant countries to enforce their domestic labour laws. Furthermore, the US should insist that violations of labour provisions be extended to include basic worker’s rights. The author believes that these steps are necessary in order to ensure that developing countries do not use lower labour standards as an incentive to attract firms or otherwise gain a competitive advantage versus industrialized trading partners such as the US or Canada.

Weston, Ann. "Social Issues and Labour Adjustment Policies: The Canada-US FTA Experience." in Richard G. Lipsey and Patricio Meller Western Hemispheric Integration: A Canadian-Latin American Dialogue. New York: St. Martin's Press, 1997, pp.191-206.

This piece concerns the growing role that social issues play concerning economic integration, with the focus primarily on the Canadian experience. Variables such as fiscal deficits, unemployment and poverty are discussed in relation to FTA/NAFTA and larger globalization trends. The role of fiscal issues is recognized in assessing structural adjustment problems, however current worker adjustment policies are still questioned as a means to reduce the structural unemployment that has emerged since the late 1980s. The NAFTA labour side accord is considered too weak to tackle substantive labour-related concerns.

MULTINATIONALS

Eden, Lorraine, (ed.) Multinationals in North America. Calgary: University of Calgary Press, 1994.

This is an intensive and wide-ranging look at multinational enterprises (MNEs) and their responses to changing technology and trade policies in North America. The strategic options and interactions of MNEs and nation states are examined as both of these major stakeholders adjust to globalization. Some of the topics discussed include: theoretical considerations of MNEs, foreign direct investment, intra-firm trade and competition policy.

Feinberg, Susan Elizabeth. An Examination of United States MNC's Strategic Adjustments to Trade Liberalization in the Canadian Market. Ph.D. Dissertation. Minneapolis: University of Minnesota, 1996.

The objective of this dissertation is to examine the responses of US-based Multinational Corporations (MNCs) to the FTA. An econometric analysis of production location data and a case study of three firms in the Canadian automotive paint industry are the basis for the research methodology. Trade theory predicts that there will be more variance in MNCs' adjustments to trade liberalization between industries, compared to the situation prevailing within industries, yet this is not the finding of this study. This study finds that there is more variance at the firm level than at the industry level and that this is attributable to systemic differences between firms such as diversification and production technology.

Mata, Ruben. "Canada's Involvement in Mexico's Maquiladora Industry." Industry, Trade and Technology Review. Washington: United States International Trade Commission, June 1998, pp.23-30.

This report analyzes the changing involvement of Canadian firms in Mexico's maquiladora industry. The main findings of the report are that the number of Canadian maquiladora operations has tripled since NAFTA entered into force and the make-up of these firms has diversified. The Canadian maquiladoras have changed from being affiliates themselves of US-based multinationals (mainly in motor-vehicle production) to small and medium-sized Canadian companies in a variety of industries (including apparel, telecommunications, electronics and auto parts). Factors that are mentioned as determinants of this trend of increased Canadian investment in Mexico include: the maintenance of supplier relationships to Big Three auto producers; the elimination of certain US trade barriers to Mexican apparel and textile products; the abundance of a more suitable labour supply for labour-intensive products; Mexican tax and regulation incentives; and the fall of the value of the peso. The report also includes case studies of

selected Canadian firms.

Mathews, Linda and John Sargent. "NAFTA, the Financial Crisis, and Multinational Management in Mexico." International Executive. May/June 1997, pp.375-392.

The objective of this study is to learn more about the effects of NAFTA and the Mexican peso crisis on multinational business strategy. It is found that there are still considerable limitations on the activities of MNCs, even under NAFTA. Regarding the peso crisis, many firms were not seriously impacted by the financial crisis due to risk management strategies adopted such as export promotion strategies and an aversion to reliance on Mexico's domestic market.

NEGOTIATION

Cameron, Maxwell A. "North American Free Trade Negotiations: Liberalization Games between Asymmetrical Players." European Journal of International Relations. March 1997, pp.105-139.

The main research question examined in this paper is: why did Mexico shift to trade liberalization strategies in the 1980s, and under NAFTA, and how was this accomplished? The main thesis is that Mexico made considerable concessions beyond the conventional agenda in trade negotiations (such as investment rules, market access, financial services and labour and environmental standards) in order to increase the bargaining payoffs for the US in the NAFTA negotiations. These 'side payments' were made because free trade was considered the optimal strategy for Mexico and Mexican policy-makers conceded further provisions so as to ensure an agreement.

Hart, Michael (with Bill Dymond and Colin Robertson) Decision at Midnight: Inside the Canada-US Free Trade Negotiations. Vancouver: UBC Press, 1994.

Written by three Canadian foreign service officers, a detailed and intricate account of the negotiations of the FTA is provided. While many aspects of the trade policy-making process are discussed, the main focus is on the bureaucratic functions and process of the negotiations.

Ritchie, Gordon. Wrestling with the Elephant. Toronto: Macfarlane, Walter and Ross, 1997.

This book is written by the Canadian deputy FTA negotiator and is an expansive look at Canada's trading relationship with the United States. However, there is also discussion on NAFTA, softwood lumber and cultural-trade disputes. It is interesting to note that the author, a former FTA negotiator, reports of having serious misgivings about Canada entering into NAFTA, chiefly because he believed Canada had too much to lose at the negotiating table. Furthermore, his assessment of the economic impact of the FTA is cautiously ambiguous: he asserts that because it is so difficult to disentangle the effects of free trade from globalization, technological change and currency fluctuations, it is hard to definitively assess the agreement's full impact.

Valverde, Miguel Angel. Domestic Politics and the Formulation of Foreign Economic Policy: Negotiating the North American Free Trade Agreement. Ph.D. Dissertation, Washington: Georgetown University, 1997.

In this dissertation, the NAFTA negotiations are viewed on a 'Two-Level Game' theorem where the negotiation process is broken down into Level 1, the international level, and Level 2, the domestic level. It is the interplay between these two levels that determines negotiating strategies and bargaining power versus the other negotiating party. The main findings indicate that domestic and economic conditions were favourable for US-Mexican free trade. However, additional provisions (such as the labour and environmental side accords, agriculture, market access) were necessary to gain sufficient domestic approval in the US, therefore allowing the US to extract additional Mexican concessions.

von Bertab, Hermann. Negotiating NAFTA: A Mexican Envoy's Account. Washington DC: Center for Strategic and International Studies, 1997.

This book is written by one of Mexico's lead figures in the NAFTA negotiations. The focus is squarely on the interplay between Mexico and the US and the negotiation, ratification, and implementation process of NAFTA is thoroughly discussed.

SERVICES

McIlroy, James. "NAFTA Cross-Border Provision of Services." Canada-US Law Journal. Vol. 22, 1996, pp.203-210.

This piece focuses on NAFTA trade in services, its effects on Canada and the US, and Chapter 12, (with an emphasis on professional services). It is a useful summary of the Chapter 12 provisions and presents some of the issues that make this a contentious area of international (as well as national) regulation. The relevant NAFTA sections on services are reviewed and it is shown how NAFTA has advanced much further than the provisions of the FTA. The three major obligations regarding services: national treatment, most favoured nation, and local presence, are discussed.

Yost, Ellen G. "NAFTA Temporary Entry Provisions- Immigration Dimensions." Canada-US Law Journal. Vol.22, 1996, pp.211-229.

This paper provides a legal and more technical, perspective of the provisions of Chapter 16 of NAFTA (Temporary Entry of Business Persons). It compares them with existing US immigration law, identifies important trade liberalization measures not included in the Chapter, and discusses the experience thus far under the provision. The author notes that the Chapter does not affect immigration and does not grant work authorization for spouses.

SUB-NATIONAL GOVERNMENT

Eaton, David J. (ed.) The Impacts of Trade Agreements on State and Provincial Law. Austin: University of Texas, 1996.

This volume is the published proceedings from a conference held in late 1995 on the impacts of free trade on national and sub-national governments in Canada, Mexico, and the United States. Various contributors from all three countries focus on various issues including: the risk to state and provincial laws from trade agreements; the adequacy of sub-national/federal procedures to address trade issues; the possibility of decentralization to the states in Mexico; GATT and NAFTA requirements for state and provincial laws; and opportunities for sub-national governments (NAFTA environmental institutions.)

Kahane, Leo. "Congressional Voting Patterns on NAFTA: An Empirical Analysis." The American Journal of Economics and Sociology. October 1996, pp.395-411.

This paper addresses the issue of US Congress voting patterns, and how labour, environment, and ideological factors influenced legislators' votes on NAFTA. An econometric model is developed that attempts to isolate these three variables in the decision-making process of the members of Congress. The main conclusions are that: House members were influenced more by expected employment changes than Senators; the environmental issue was found to be somewhat important in predicting the vote cast by the member of Congress; and ideology was also an important factor as more Democrats tended to vote against NAFTA than Republicans. A broader conclusion is that representatives may be more susceptible to lobby pressure than Senators (who typically have a more broad-based constituency and longer term in office).

Kukucha, Christopher John. Intrusive Interdependence and the Formulation of Canadian Foreign Economic Policy: The Provinces and the North American Free Trade Agreement. Ph.D. Dissertation, Edmonton: University of Alberta, 1996.

This dissertation addresses the question of what long-term effect globalization will have on federal and provincial autonomy? The concept of 'intrusive interdependence' is introduced to explain the increasing power and scope of international regimes such as NAFTA. As NAFTA evolves and incorporates issue areas such as the environment, labour standards, and technical barriers to trade, the erosion of national sovereignty (which has mainly affected the federal government) will spread to areas of provincial jurisdiction. Another expected impact of 'intrusive interdependence' is the

empowerment of previously marginalized domestic actors such as environmental lobby groups.

McIlroy, James P. "NAFTA and the Canadian Provinces: Two Ships Passing in the Night?" Canada-US Law Journal. Vol.23, 1997, pp.431-440.

This article outlines the main issues concerning how the Canadian provinces are connected to NAFTA. These issues are: the interaction of the global economy and Canadian federalism; the acute differences between federal negotiation powers and provincial jurisdiction in certain key areas (such as environment, labour and government procurement); and the NAFTA provision (article 105) that officially connects the provinces to the accord. The example of Section 12 (trade in services) is employed to demonstrate how federal/provincial arrangements work and to examine the problematic issues that are arising in the emerging global trade regime.

Schaefer, Matthew. "Searching for Pareto Gains in the Relationship Between Free Trade and Federalism: Revisiting the NAFTA, Eyeing the FTAA." Canada-US Law Journal. Vol.23, 1997, pp.441-488.

This paper discusses the goals of federalism in relation to recent trade agreements, the constraints on sub-national governments, and the applicability of free trade rules to sub-national governments. The main thesis is that there can be Pareto gains made between free trade and federalism by strengthening the application of anti-protectionism obligations to sub-federal governments. Regarding Canada, after a discussion of how it handles its federal governing relationships, it is predicted that Canada will continue to have a tough time negotiating trade regime constraints such as government procurement with the provincial governments.

TRADE REMEDIES AND DISPUTE SETTLEMENT

Anderson, Andrew D. M. and Alan M. Rugman. "NAFTA and the Dispute Settlement Mechanisms: A Transaction Costs Approach." The World Economy. November 1997, pp.935-950.

The transaction costs approach taken in this paper stresses the strategic implications of NAFTA dispute settlement mechanisms (DSMs) for managers and firm behaviour. For domestic US firms, it is theorized that they can employ antidumping and countervailing duty provisions to act as entry barriers and practice 'shelter' against Canadian and Mexican firms. However, Canadian and Mexican firms have their own strategic options that include the DSMs of NAFTA to maintain market access. After a review of DSM case history, it is concluded that Canadian firms have benefited from the improved DSMs, both absolutely and relative to other trading partners. Suggestions for improvements in the DSM regime include a smaller standing committee of qualified experts authorized to investigate the real substance of the case, as well as to refer to panel jurisprudence in related cases.

Applegate, J. Todd. "Chapter 19 of NAFTA: Are Binational Panels Constitutional?" NAFTA: Law and Business Review of the Americas. Summer 1997, pp.129-155.

This paper examines the legal issues surrounding the constitutionality of Chapter 19 of NAFTA, including due process and the appointment clause in the dispute settlement provisions. However, the most important legal issue discussed is the constitutionality of Chapter 19 panels in relation to the mandated judicial responsibility in Article III of the US Constitution. The article finds that the NAFTA panel process removes the judiciary from the decision-making process and that there are sufficient grounds to argue that the panel system thereby violates the US Constitution. It is recommended that the NAFTA panel system be abolished or reformulated to comply with the US constitution.

Carman, Gregory W. "Resolution of Trade Disputes by Chapter 19 Panels: A Long-Term Solution or Interim Procedure of Dubious Constitutionality." Fordham International Law Journal. Vol.21, 1997, pp.1-11.

This article examines the trade dispute settlement mechanisms of NAFTA Chapter 19, focusing on the constitutional legality of the provisions. The system whereby US domestic agency rulings are subject to the jurisdiction of binational review panels is identified as being of questionable constitutional legitimacy and legality. It is concluded that the Chapter 19 regime impedes the economic integration goals of Canada

and the US by leading to “egregiously erroneous results”, and producing a separate body of law altogether.

Castel, Jean G. and Charles M. Gastle. “Deep Economic Integration Between Canada and the United States; the Emergence of Strategic Innovation.” Minnesota Journal of Global Trade. Vol.6, Summer 1997, pp.1-44.

The main thesis of this paper is that in the context of deep economic integration, the continued existence of anti-dumping and countervailing duty remedies cannot be defended in a principled manner and should be eliminated. Further, international remedies should be based upon competition law and market access principles. The article recommends that anti-dumping and countervailing duties provisions be eliminated from the NAFTA regime. Failing that, the binational dispute resolution process should be reformed to make dispute settlement more effective and less susceptible to criticism. To overcome the weaknesses of the dispute settlement process (as illustrated by the softwood lumber case), it is recommended that a permanent trade review tribunal be established. Furthermore, the elimination of Chapter 19 altogether in favour of binding/enforceable WTO-like mechanisms is also proposed, although this is not viewed as being likely to occur. It is also suggested that Canada integrate its innovation programs where possible, so as to achieve a consistent research promotion regime with the US and therefore overcome some of the problems associated with subsidies.

Davey, William. Pine and Swine: Canada-United States Trade Dispute Settlement: the FTA Experience and NAFTA Prospects. Ottawa: Center for Trade Policy and Law, 1996.

This book is a thorough review and analysis of FTA/NAFTA Chapter 18 and Chapter 19 and summarizes the findings of trade dispute panels and presents implications for the NAFTA dispute settlement regime. The author concludes that the general dispute settlement mechanism has not been as effective as hoped. Reasons for this include the fact that panels have tried to create compromise solutions, and that there has not been much use of these mechanisms. A permanent tribunal of trade experts is recommended as a means of strengthening the panel decision-making process. However, it is posited that the binational panel review of trade remedy laws has worked reasonably well. Improvement in this area will only be realized when a new competition/subsidy regime is established, which itself is unlikely.

Dearden, Richard G. "Trade Disputes and Settlement Mechanisms Under the Canada-US Free Trade Agreement." pp.207-231, in Richard G. Lipsey and Patricio Meller (eds.) Western Hemispheric Trade Integration: A Canadian-Latin American Dialogue. New York: St. Martin's Press, 1997.

This paper reviews the dispute settlement mechanisms established under the FTA, discusses some of the major cases and panel decisions brought forth under these provisions and analyzes the overall effectiveness of the first five years of the regime. The author concludes that the dispute settlement regime has improved predictability for business planning and investment, yet there is still no guarantee of secure market access for Canadian firms. One of the major reasons cited for this shortcoming is that anti-dumping and countervailing duties claims have not been significantly curtailed for either US or Canadian export interests. One possible remedy prescribed to enhance the dispute settlement regime is for open panel deliberations.

Doran, Charles F. "Trade Dispute Resolution 'on trial': Softwood Lumber." International Journal. Autumn 1996, pp.710-733.

This paper assesses the trade dispute resolution system established under the FTA/NAFTA and comes to rather pessimistic conclusions. Softwood lumber is used as the seminal case study from which to judge the fairness and effectiveness of the dispute settlement process. After a thorough overview of the softwood lumber dispute leading to the 1996 negotiated settlement, five 'lessons' are drawn: it is doubtful that the dispute resolution process has reduced the number of trade disputes; there will always be US-Canada trade disputes; there is a tendency to create common law for panel decision; the softwood lumber dispute ultimately resulted in a "managed" trade case; and the integrity of the entire dispute resolution process must be upheld.

Gagne, Gilbert. The WTO Subsidies Agreement: Implications for NAFTA. Ottawa: Center for Trade Policy and Law, 1998.

This paper addresses three questions. Firstly, how are the provisions of the WTO subsidies agreement likely to effect the attitudes and practices of NAFTA members? Second, how will NAFTA members implement the subsidies agreement? Third, can the agreement contribute to a lessening of conflicts over subsidies within NAFTA? It is important to note that since agriculture subsidies are not covered under the WTO agreement, they are not discussed in this paper. After a review of the main issues and definitions surrounding subsidies in the WTO and NAFTA, several conclusions are presented. One notable impact of the WTO subsidies agreement is to provide a strengthened multilateral forum for discussion and dispute resolution, which will benefit Canada and Mexico vis-à-vis the US. However, the overall impact is described as uncertain due to the countervailing duties provisions in the WTO and the latitude available for the US to act unilaterally.

Goldstein, Judith. "International Law and Domestic Institutions: Reconciling North American 'unfair' Trade Laws." International Organization. Autumn, 1996, pp.541-564.

The thesis of this paper is that, in looking for reasons that the US would willfully sign an agreement that significantly limits its sovereign capabilities, the Reagan administration entered into the FTA as a means of curtailing the power of the US bureaucracy. After rejecting rational actor argument often used by economists to explain the decision to enter into free trade, the author shows that the dispute panels established under the FTA/NAFTA have favoured Canada more often than not. It is posited that the Reagan administration favoured curtailing the protectionist tendencies of some of its bureaucratic agencies, such as the International Trade Commission and the Commerce Department. This arrangement would leave the President's domestic authority undiminished, while increasing his foreign policy-making abilities.

Hart, Michael, (ed.) Finding Middle Ground: Reforming the Antidumping Laws in North America. Ottawa: Center for Trade Policy and Law, 1997.

This edited volume is an extensive and detailed review and analysis of anti-dumping laws, norms, regimes as well as the most contentious issues, in a North American context. The contributors are from both the US and Canada, and there is a range of opinions and views expressed on the main anti-dumping issues. While the analysis is sometimes characterized by its technical rigor, the overall result is a comprehensive, yet succinct issue-area study.

Herman, L. Lawrence. "NAFTA- The Broad Strokes: A Canadian Lawyer's Perspective." Canada-US Law Journal. Vol.23. April 1997, pp.85-107.

This article examines some of the larger issues concerning NAFTA's legal regime, including anti-dumping regulations and the dispute settlement process. One of the main points of concern is the credibility and legitimacy of the dispute settlement system in the United States. A suggestion to improve the fragile credibility of the NAFTA regime is the creation of a permanent NAFTA dispute panel with members appointed on tenure for fixed terms. Regarding anti-dumping, the thesis is that the current regime needs work; yet it would have to be carefully crafted and avoid a replacement regime of the current remedy system. This revised process would emphasize legitimate complaints regarding less-than-cost and less-than-domestic-price dumping being evaluated by an impartial, third-party process.

Howse, Robert. Settling Trade Remedy Disputes: When the WTO Forum Is Better Than The NAFTA. Toronto: C.D. Howe Institute, 1998.

This study focuses on the NAFTA dispute settlement process, including Chapter 19 and Chapter 20. Its main recommendation is that Canada should turn to the WTO for more complex trade disputes (usually countervailing duties and anti-dumping provisions under Chapter 19) with the US, particularly concerning subsidies. The long-running softwood lumber dispute is cited as a case that exposes the weaknesses of the NAFTA mechanisms. However, more routine cases or cases regarding anti-dumping duties, should continue to be heard in the NAFTA setting. Several suggestions are made to strengthen the NAFTA dispute settlement process including a permanent panel of experts, multinational panel membership, and the establishment of a permanent appeal tribunal (modeled after the WTO).

Kalt, Joseph P. "Precedent and Legal Argument in US Trade Policy: Do They Matter to the Political Economy of the Lumber Dispute?" in Anne O. Kruger (ed.) The Political Economy of American Trade Policy. 1997, pp.261-290.

The broad theoretical considerations in this paper are the competing theories of Capture Theory and New Institutionalism in trying to explain US economic policy-making. The long-running softwood lumber dispute between Canada and the US is employed as a more substantive case study for testing the relevance and utility of these two theories. The results from the softwood lumber case indicate that Canadian interests (which fall under the New Institutionalism category) need to have an overwhelming set of variables in their favour in order to obtain a favourable dispute settlement outcome. These include strong evidence, precedent and easy exposition. This suggests that Capture Theory is the more persuasive explanatory tool for US economic policy-making and binational trade disputes. These conclusions indicate that Canadian interests still encounter substantial difficulties under the FTA/NAFTA dispute settlement regime.

Lopez, David. "Dispute Settlement Under NAFTA: Lessons from the Early Experience." Texas International Law Journal. Vol.32, Spring 1997, pp.164-208.

This paper is a technical overview and analysis of the dispute settlement provisions of NAFTA Chapters 19 and 20, as well as of the environmental and labour side accords. The article identifies controversies that have arisen in the functioning of the dispute resolution regime and explains how trade disputes have been addressed under NAFTA. After reviewing the dispute settlement provisions and case history, some broad conclusions are reached, namely that: the system does not always succeed in generating conclusive results; NAFTA governments will comply with rulings adverse to their interests; it is not unusual for specified dispute resolution deadlines to be disregarded; NAFTA's dispute settlement system will sometimes bow to political pressures; and the

importance of particular dispute settlement mechanisms changes and is not static. Although there are some dissenting notes, the author is generally positive about NAFTA's early experience with the dispute settlement regime and is generally optimistic for the future.

Marceau, Gabrielle. "NAFTA and WTO Dispute Settlement Rules- A Thematic Comparison." Journal of World Trade. April 1997, pp.25-82.

This comprehensive and detailed paper develops the thesis that there are close conceptual and functional linkages between the dispute settlement provisions of NAFTA and the WTO. The dispute settlement mechanisms of both regimes are extensively reviewed (including case studies) and the similarities and differences between the two are noted. It is stressed that, although there has already been exporting of certain provisions of each dispute settlement regime to the other, both systems could improve their rules and functional processing. For instance, the WTO has a more institutionalized system that is more legalistic and rules-oriented; while NAFTA, with its fewer actors, is able to advance further in areas such as intellectual property rights. Overall, the WTO dispute settlement regime is declared to be more advanced than its NAFTA counterpart; this is mainly due its greater institutional structures, third-party panelists, and legalistic decision-making process.

Penner, Ann. Why We Were Right and They Were Wrong. Trade and Economic Policy Paper, Department of Foreign Affairs and International Trade, September 1996.

This paper is a comprehensive review and analysis of the Chapter 19 dispute settlement mechanisms in the FTA and NAFTA. The thesis is that proponents of the system were right about the merits of a rules-based trade dispute settlement system and that the opponents of an institutionalized regime were wrong in their belief that Chapter 19 would lead to a "common law" of trade law, that domestic law would be disregarded, and that conflicts of interest would emerge. In fact, the paper finds that the trade panels have offered timely, well-reasoned and consistent decisions which indicate the success of the dispute settlement process. The paper recommends that these positive findings be communicated to Canadian exporters and that trade panel members be educated on the intricacies of the trade regimes of Canada, the US and Mexico.

Picker, Sidney Jr. "The NAFTA Chapter 20 Dispute Settlement Resolution Process: A View from the Inside." Canada-US Law Journal. Vol.23, 1997, pp.525-540.

This article, written by a former NAFTA Chapter 20 panelist, focuses on the panel selection process. This includes the rationale and the effect of the initial report/final report process leading to the final decision and the institutionalization of

dispute settlement under NAFTA. The suggestion is made that a permanent panel or tribunal be established to hear NAFTA disputes; however this is seen as unlikely to occur because the governments from all three parties want to maintain control over the selection process and procedures of the panels.

Thomure, John C. Jr. "Star Chamber Accountability: Appellate Review of NAFTA Chapter 20 Panel Decisions." The University of Miami Inter-American Law Review. Vol.28, Spring/Summer 1997, pp.629-659.

This paper evaluates the NAFTA Chapter 20 provisions and the dispute settlement process. It recommends that an appellate review of Chapter 20 panel decisions be institutionalized in NAFTA. A legal overview of Chapter 20 is presented, and the Chapter 20 system is defined as a "pragmatic system", as opposed to a "legalistic system", as embedded in the WTO. The author is concerned with establishing a legitimate and effective dispute settlement process, and therefore favours appellate review. It is asserted that appellate review is necessary to ensure decisions are not biased or based on political factors, and remedies are provided when gross misconduct occurs. In turn, this would secure the legitimacy and integrity of the NAFTA process. Moreover, the author states that the NAFTA Commission has the authority to establish such an appellate review body.

Valihora, Michael S. "NAFTA Chapter 19 or the WTO Dispute Settlement Body: A Hobson's Choice for Canada?" Case Western Reserve Journal of International Law. Vol.30, Spring/Summer 1998, pp.449-487.

This paper is a review and insightful analysis of NAFTA Chapter 19 and the WTO dispute settlement mechanisms. The thesis is that the NAFTA and WTO dispute resolution regimes should not be viewed as alternatives or substitutes for each other; but rather, as complimentary approaches of addressing different aspects of international trade law. It is pointed out that the main difference between the two is that while NAFTA focuses on administrative decisions, the WTO examines national implementing legislation and its adherence to WTO rules and standards. The author finds that Canada has done reasonably well under the Chapter 19 process and suggests that this shows that the process has generally worked as many commentators had predicted. Partially as a response to criticism that Chapter 19's scope is too limited, the establishment of a permanent appeals tribunal is suggested. It is also recommended that the "Hobson's Choice" (where there is no real alternative between two choices) for Canada is that Canada should continue to use both the WTO and NAFTA Chapter 19 as conduits for settling trade disputes.

Vega-Canovas, Gustavo. "Disciplining Anti-Dumping in North America: is NAFTA Chapter Nineteen Serving its Purpose?" Arizona Journal of International and Comparative Law. Vol.114, Fall 1997, pp.479-501.

This paper analyzes how the anti-dumping mechanisms under Chapter 19 of NAFTA have fared thus far. It is posited that Chapter 19 has produced unexpected tensions in trade relations between the three countries and has fallen short of securing predictable access to the North American market (particularly from the Mexican perspective, as is the focus in this paper). There is a review of the history and record of anti-dumping disputes under both the Canada-US FTA and NAFTA, and while the Canada-US FTA's record is regarded as positive, the NAFTA anti-dumping panels are cited as not being expeditious and as being uncontroversial in its decisions. Several concerns are noted with the Chapter 19 process, such as conflict of interest problems, and jurisdiction and standard of review issues. The article concludes with some recommendations for improvement of the Chapter 19 process, including: establishing a permanent roster of experts; setting up a process whereby exporters can recover costs incurred in defending unsubstantiated trade remedy claims; and using panel decisions as precedents.

Winham, Gilbert. "NAFTA Chapter 19 and the Development of International Administrative Law: Applications in Antidumping and Competition Law," Journal of World Trade. Vol. 32, No. 1, February 1998.

This paper reviews the background, case history, trade law regime and prospective issues of NAFTA Chapter 19 (Dispute Settlement) and its relation to international antidumping and competition law. The extension of international administrative law to the competition law arena is further considered. It is noted that competition law policy remains an unsettled issue in the world trading regime and, even though it would be a difficult administrative and legislative task, an international competition policy regime with dispute settlement functions can be seen as a viable option for future trade regimes.

Ziegel, Jacob S. "Introduction: The New Canadian-US litigation dimensions." Canadian Business Law Journal. June 1997, pp.321-332.

This volume is a collection of papers concerning the new challenges and issues facing Canadian firms as they become more integrated into the US economy. A general theme throughout the papers is how Canadian businesses cope with the US tort and litigation systems while conducting business transactions in the US. It should be noted that the emphasis is on private business law, not trade remedy law. One implication to flow from the papers is that policy-makers may also have to consider the role that differences in private law rules and procedures may play in creating a truly level playing field for trade participants.

APPENDIX I

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APPENDIX II

II. NAFTA-Related Websites

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GOVERNMENT-SPONSORED

Transnational

<http://cocef.interjuarez.com/>

The **Border Environmental Cooperation Commission** has a mandate to assist border communities in the US and Mexico with environmental infrastructure projects and sustainable development.

<http://www.cec.org/>

The **Committee for Environmental Cooperation**; established under the North American Agreement on Environmental Cooperation.

<http://www.naalc.org/>

The **Commission for Labour Cooperation**; established under the North American Agreement on Labour Cooperation.

<http://www.nafta-sec-alena.org/english/index.htm>

The **NAFTA Secretariat** website; mainly dealing with dispute settlement.

<http://www.oas.org/>

The **Organization of American States**.

<http://www.oecd.org/>

The **Organization of Economic Cooperation and Development**.

<http://www.wto.org/>

The **World Trade Organization**.

Canada

<http://www.citt.gc.ca/>

The **Canadian International Trade Tribunal**.

<http://folio.lbp.dfait-maeci.gc.ca/english/othersit.htm>

The **Department of Foreign Affairs and International Trade** site includes analysis, statistics, text and publications dealing with NAFTA.

<http://www.edc.ca/>

The **Export Development Corporation**.

<http://www.hrdc-drhc.gc.ca/>

The **Human Resources Development of Canada** site includes Canada's coordinating office for the North American Agreement on Labour Cooperation.

<http://www.ic.gc.ca/>

Industry Canada.

<http://strategis.ic.gc.ca>

The **Strategis** site is maintained by Industry Canada and offers a wealth of information on Canadian companies, industry profiles, and market analysis data. It includes an advanced search engine.

United States

<http://www.census.gov/foreign-trade/www/index.html>

US Census Bureau, International Trade Statistics. Includes search engine.

<http://www.i-trade.com/dir07/facts/>

US Department of Commerce: produces *NAFTA Facts*, including information on conducting business in Canada and Mexico.

<http://www.ftc.gov/>

The **Federal Trade Commission** enforces a variety of anti-trust and consumer protection laws and ensures a free and open market.

<http://www.usitc.gov/>

The **US International Trade Commission** determines impacts of imports on domestic industries and rules on unfair trade practices in the US.

<http://www.dol.gov/dol/ilab/public/aboutilab/org/nao.htm>

US Department of Labour: National Administration Office. Serves as a conduit for discussion and analysis of the North American Agreement on Labour Cooperation. Includes list of publications.

<http://www.ustr.gov:80/>

Office of the United States Trade Representative.

NORTH AMERICAN INTEGRATION-FOCUSED

<http://americas.fiu.edu/inside/>

Americas Trade is a bi-weekly online publication focusing on NAFTA and hemispheric trade integration. An abbreviated version of the publication is available online.

<http://www.tamtu.edu/coba/bti/>

The Border Trade Institute (at *Texas A&M University*) tracks transport crossings, import/export flows of goods and other bilateral commerce between the US and Mexico.

<http://www.harbour.sfu.ca/CNABS/Default.html>

The **Council for North American Business Studies** is located at *Simon Fraser University* and focuses on international business and trade issues facing the NAFTA countries.

<http://www.icat.org/>

The **International Center for Canadian-American Trade** is a bilateral organization that conducts research and promotes discussion and debate on Canadian-American trade and business issues including immigration, non-tariff barriers and market access. Affiliated publications and a periodic newsletter are listed online.

<http://www.naftaconnect.com/>

NAFTA Connect is a private enterprise that serves as a conduit for firms in the NAFTA countries to interact and conduct business on-line, by posting trilingual company websites, for example.

<http://www.nafta.net/>

NAFTA Net is a private enterprise provider of electronic commerce and telecommunications services over the Internet for firms interested in cross-border business transactions.

<http://www.tcm.com/nafta-jobs/>

The **NAFTA Resources (JOBS)** page catalogues information about the mobility of labour between the NAFTA countries and offers legal and consultation services.

<http://www.pagemastersinc.com/nafta/>

The **NAFTA and Trade Dependent Alliance** is a private organization that focuses on the mobility of labour between NAFTA countries and provides support and services for interested citizens.

<http://www.santafe.edu/~naminet>

The **North American Institute** emphasizes NAFTA-related issues and concerns regarding the economy, social justice and the environment. It produces a bi-weekly electronic magazine on NAFTA.

<http://NAID.sppsr.ucla.edu/index.html>

The **North American Integration and Development Center** (affiliated with *UCLA*) conducts research on NAFTA integration and the effects and implications for sustainable development. The site includes index of available publications.

<http://www.citizen.org/pctrade/nafta/naftapg.html>

Public Citizen: Global Trade Watch- NAFTA. This site includes a list of on-line publications opposing NAFTA and globalization.

<http://www.tec.org/almanac/NAFTA-FOCUS.HTML>

Texas Environmental Almanac, Focus: NAFTA and the Texas/Mexico Border Environment. Its research interests include the US-Mexico border environment and the ecological impact of maquiladoras.

<http://www.usmcoc.org/>

The **US/ Mexico Chamber of Commerce** includes information on the Mexican economy as well as NAFTA related issues and topics.

<http://www.tamui.edu/coba/usmtr/>

The **Office for the Study of US-Mexico Trade Relations and the North American Free Trade Agreement Information Center** is affiliated with *Texas A&M International University*. It includes a searchable database pertaining to NAFTA issues relating to Mexico.

CANADIAN-BASED

<http://www.policyalternatives.ca/>

The **Canadian Center for Policy Alternatives** focuses on public policy issues including economic development. An index of publications is available on-line.

<http://www.chamber.ca/>

The **Canadian Chamber of Commerce** conducts research and other policy-influencing activities from a business perspective, including NAFTA and international trade.

<http://www.focal.ca>

The **Canadian Foundation for the Americas** focuses on hemispheric integration. Its publications are available on-line.

<http://www.cdhowe.org/>

The **C.D. Howe Institute** researches public policy issues primarily related to business, trade and economics. Its publications are listed, although they are not available on-line.

<http://www.utoronto.ca/cis/>

The **Center for International Studies** is at the *University of Toronto* and focuses its research on international economic integration issues, such as NAFTA and the global economy. Its publications are listed online, although not available.

<http://www.carleton.ca/ctpl/index.html>

The **Center for Trade Policy and Law** is affiliated with the *Norman Paterson School of International Affairs* at *Carleton University* and the *Faculty of Law, University of Ottawa*. It focuses its activities and research on Canadian trade issues and its publications are listed online.

<http://www.conferenceboard.ca/>

The **Conference Board of Canada** addresses trade issues from a business-perspective. Its publications are only available to members.

<http://www.fraserinstitute.ca/>

The **Fraser Institute** is a free market-oriented think tank and many of its publications are listed online, although they are not available.

US-BASED

<http://www.aei.org>

The **American Enterprise Institute** focuses on a variety of issues, including NAFTA and international trade. Website includes search engine and conference and publication summaries.

<http://brie.berkeley.edu/BRIE>

The **Berkeley Roundtable on the International Economy** is a research institution that focuses on trade, investment, and regionalization. Some publications are available on-line.

<http://www.brookings.org>

The **Brookings Institute** researches a diverse range of public policy issues including economic policy and US foreign policy and NAFTA. Its publications are available on-line.

<http://www.cato.org>

The **Cato Institute** focuses on various public policy issues, including international trade and economics through the newly created *Center for Trade Policy Studies*. There is also a search engine and publications are available on-line.

<http://www.csis.org>

The **Center for Strategic and International Studies** covers a range of public policy issues including NAFTA and international trade. There is a special research focus on NAFTA and the North American automobile industry.

<http://www.t-bird.edu/ciber/nafta.htm>

The **Center for International Business and Education NAFTA** is at the *Thunderbird American Graduate School of International Management*. It focuses on research and consultation issues related to NAFTA and international business transactions.

<http://www.cato.org>

The **Cato Institute** focuses on a diverse spectrum of public policy issues including international trade. There is an extensive catalogue of on-line trade-oriented

publications.

<http://www.tcf.org/>

The **Century Foundation** (formerly the *Twentieth Century Fund*) includes trade and economic issues amongst its research topics. There is a publications catalogue available.

<http://www.cse.org/>

The **Citizens for a Sound Economy** researches economic issues and problems, including trade policy. Its publications are available on-line.

<http://www.cei.org>

The **Competitive Enterprise Institute** focuses on economic-related issues, including international trade. CEI publications are available on-line.

<http://www.epinet.org>

The **Economic Policy Institute** researches economic issues, including NAFTA, from a critical perspective. Its publications are available on-line.

<http://www.econstrat.org/>

The **Economic Strategy Institute** researches economic, finance and trade issues. There is a search engine and some publications are available on-line.

<http://www.heritage.org>

The **Heritage Institute** conducts research on a comprehensive range of issues including economic and trade policy. This website includes a search engine and on-line publications.

<http://www.igc.apc.org/iatp>

The **Institute for Agriculture and Trade Policy** addresses the linkages between agriculture and trade policy, as well as environmental policy. It is primarily focused on NAFTA-related agricultural issues.

<http://www.iie.com/>

The **Institute of International Economics** conducts extensive research into economic and trade-related public policy issues, including NAFTA. This website includes a search engine and on-line publications.

http://www.JOC.com/web_indx.htm

The **Journal of Commerce** is an online magazine covering international trade and business issues. The site includes an index and a search engine.

<http://www.npa1.org/>

The **National Policy Association** focuses on a variety of issues, including economic and trade issues. It has a □North American Committee□ policy research group which published the now-defunct *North American Outlook*.

<http://www.si.edu/wwics>

The **Woodrow Wilson International Center for Scholars** researches a broad range of foreign policy issues, including international trade. This site includes a searchable index with abstracts.

HEMISPHERIC INTEGRATION-FOCUSED

<http://summit.fiu.edu/americas/americas-breaking-news.html>

Americas Net: Summit for the Americas Center, is affiliated with *Florida International University*. The focus is on recent news regarding hemispheric integration with an emphasis on Latin America.

<http://lanic.utexas.edu/cswht/>

Center for the Study of Western Hemispheric Trade at *Texas A&M University, Texas A&M International University, the University of Texas at El Paso and the University of Texas at Austin*. Research focuses include Latin American integration, the environment and border issues.

<http://ioa192-92.ucsd.edu>

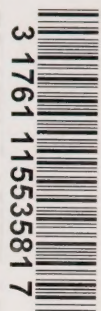
The **Institute of the Americas** focuses on economic, social and political trends in the Americas; particularly Latin America. The bi-monthly production, *Hemisphile* is available on-line.

<http://www.natlaw.com/index.htm>

The **National Law Center for Inter-American Free Trade** covers a wide range of hemispheric trade issues with a focus on Latin America. The Center produces the bi-weekly *Inter-American Trade Report* and other publication abstracts are also available online.

<http://gehon.ir.miami.edu/nsc>

The **North South Center** examines hemispheric integration issues with a Latin American focus. The site includes a listing of publications.



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